

# RAISING THE NUCLEAR ANTE

## INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

Paris, Tuesday, May 12, 1998

No. 35,828

# India's Atomic Tests Revive Old Fears

## 2 Phone Giants Reunite Amid Wave of U.S. Deals

### High Stock Prices Finance a Takeover Spree

By Mitchell Martin  
International Herald Tribune

NEW YORK — In a deal that would reunite a large part of the former Bell System, SBC Communications Inc. said Monday it would buy Ameritech Corp. for about \$65 billion. It was the second-biggest takeover in history and one of a spate of Wall Street deals announced Monday that featured companies using their own shares as currency.

The offer by SBC, formerly Southwestern Bell, for Ameritech was the most contentious of the announcements as well as the biggest, trailing only the pending takeover of Citicorp by Travelers Group Inc. among all acquisitions. If it clears regulatory hurdles, it will reduce the number of regional Bell operating companies to four from the original seven. The combined company would form the largest U.S. local phone-service provider and be represented in 19 countries outside the United States.

The deal was among more than \$80 billion of takeovers being financed

with stock rather than cash, indicating that the acquiring companies think their shares are highly valued. Yet investors showed little fear that the market was reaching a top, and stock prices rose. The Dow Jones industrial average closed 36.37 points higher at 9,091.52.

Other acquisitions announced Monday included:

• Jefferson Smurfit Corp.'s \$6.5 billion bid for Stone Container Corp., which would form the world's largest paper-packaging company.

• Baker Hughes Inc.'s \$6.16 billion offer for Western Atlas Inc., an effort to create an oil-field services company that could help drillers at all stages of production. Western Atlas, spun off by Litton Industries Inc. four years ago, would add exploration capabilities to Baker Hughes' products for existing energy projects.

• Monsanto Co.'s planned \$4.3 billion takeover of two seed companies, Dekalb Genetics Co., of which it already owns 40 percent, and Delta & Pine Land Co. The \$2.5 billion, equal to \$100 a share, that Monsanto is planning to pay for Dekalb represented the only cash deal among the deals announced Monday. The purchases would enhance Monsanto's presence in the market for genetically enhanced seeds.

It also was widely reported that Seagram Co., owner of the MCA Inc. music and movie company, was close to an agreement to buy PolyGram NV, the Dutch entertainment company controlled by Philips Electronics NV. PolyGram's stock rose about 5 percent Monday, giving it a market value

See DEALS, Page 14

## Lots of Old People Born Today

### Life Expectancy to Rise Many Years Over the Next Century

Agence France-Press  
GENEVA — Thousands of people born at the end of this decade will live to toast the dawn of the 22d century, the World Health Organization predicted Monday.

By 2025, global average life expectancy will top 73 years, compared to 66 now, and in 25 countries it will reach 80, the organization's annual health report said.

A person born in Iceland, Italy, Japan and Sweden can expect to live an average of 82 years. In Australia, Canada, France, Spain and Switzerland, average life expectancy will reach 81, while Germany, the United Kingdom and the United States will manage 80 years, the

organization predicted. France, for one, is projected to have 150,000 centenarians by 2050, compared to 200 in 1950.

The average Chinese will live to 75, a Russian 72 and an Indian 71.

At the bottom of the rankings are

New head of WHO targets smoking's lure to youths. Page 10.

mainly African countries, with the average life expectancy in Guinea Bissau at 56 years and in Sierra Leone, 51.

In the next 25 years, the number of people over 65 is likely to grow by about one million a month, from 390 million now to 800 million, the report said.

## More Voices Join the Cry For Suharto to Step Down

By Cindy Shiner  
Washington Post Service

JAKARTA — A prominent Muslim leader and opposition figure on Monday called on President Suharto of Indonesia to step down, a move that may further energize student demonstrators who have been pressing the 76-year-old general to leave power.

"There is no choice other than to step down and let other people take a chance to form a new government," Amien Rais told thousands of followers in a packed sports arena here, to thunderous applause.

Mr. Rais, who has presidential aspirations of his own, leads the 28-million-strong Muhammadiyah movement, which is the smaller but more progressive and wide-reaching of Indonesia's two main Islamic organiza-

tions. Indonesia is the world's largest Muslim country.

[Separately, a group of retired generals and politicians issued a statement urging the pro-Suharto assembly that turned him to a seventh five-year term in March to revoke the appointment. The Associated Press reported from Jakarta.

[Ali Sadikin, a retired three-star general, said at a news conference that Mr. Suharto's government had for too long used "state money for personal interests" and abused its power.]

Earlier this year, Mr. Rais said he would give Mr. Suharto six months to prove he was committed to carrying out economic reforms as part of a \$43-billion rescue package by the International Monetary Fund. But the momentum of calls for political change has outpaced demands to mend the economy, with a growing number of people saying they no longer believe the situation will improve until Mr. Suharto goes.

Mr. Rais said a change in leadership was the only way to avoid bloodshed following more than two months of student demonstrations that have grown increasingly violent. The protests indirectly led to rioting in two cities earlier this month, claiming at least seven lives.

"I'm afraid that the situation is developing very, very fast and probably everything will be out of control unless Suharto comes down to earth and has

Newsstand Prices

Andorra	10.00 FF	Lebanon	11.300
Antilles	12.50 FF	Morocco	16.00
Cameroun	1.600 CFA	Qatar	10.00 QR
Egypt	12.50 FF	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dn
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mtl. (Eur.)	\$1.20

See SUHARTO, Page 10



Prime Minister Atal Behari Vajpayee announcing the tests Monday.

## Show of Strategic Strength Meant to Silence Doubters

By Kenneth J. Cooper  
Washington Post Service

NEW DELHI — India on Monday conducted three underground nuclear tests, the nation's first since 1974, escalating a strategic arms race with its regional arch-rival Pakistan and exposing India to possible U.S. sanctions under a nonproliferation treaty.

A coalition government led by Hindu nationalists made the show of strategic strength a month after Pakistan successfully tested a ballistic missile capable of striking India's major cities and a week after Defense Minister George Fernandes identified another neighbor, China, as the principal military threat to India.

Since the end of the Cold War, many U.S. analysts have described the Indian subcontinent as the world's likeliest nuclear flashpoint because of enduring tensions between predominantly Hindu India and the Islamic republic of Pakistan. Both nations have nuclear capabilities, although Pakistan has never exploded a nuclear device.

After Prime Minister Atal Bihari Vajpayee announced the tests in a brief statement that did not explain why they had been conducted, his top aide indicated that the simultaneous explo-

sions 530 kilometers (330 miles) southwest of New Delhi near the Pakistani border had been intended to remove any doubt about India's capacity to build nuclear weapons.

Previously, India has said its nuclear program was for peaceful purposes and spoke only of keeping open the option to make strategic weapons if they were needed to assure national security.

"These tests have established that India has a proven capability for a weaponized nuclear program," said Rajesh Mishra, a Vajpayee aide. "They also provide a valuable database which is useful in the design of nuclear weapons of different yields for different applications and for different delivery systems."

The announcement of India's tests brought condemnation from the United States and from Pakistan.

"Pakistan strongly condemns this Indian act, and the entire world should condemn it," Foreign Minister Gohar Ayub Khan told Reuters news agency. "It has sucked Pakistan into an arms race."

"The United States is deeply disappointed by the decision of the gov-

See NUCLEAR, Page 4

## Subcontinent Starts Sliding Into an Arms Race

### Dismayed, U.S. Studies Sanctions

By Brian Knowlton  
International Herald Tribune

WASHINGTON — The United States reacted with shock and dismay Monday to the surprise tests by India of three nuclear devices, a move that might require President Bill Clinton to impose sweeping sanctions.

"The president is deeply distressed by the announcement of three nuclear tests," said Michael McCurry, the White House spokesman. "He has authorized a formal presentation of our displeasure to be made to the government in New Delhi."

Mr. McCurry said that the United States was "deeply disappointed by the decision of the government of India." He added, "This runs counter to the effort the international community is making to promulgate a comprehensive ban on such testing."

U.S. officials expressed concern that the tests could sharpen Indian tensions with Pakistan and China, provoke a regional arms race and set back the cause of nonproliferation.

Administration analysts were scrambling for information on the tests and examining how U.S. sanctions laws might apply.

Under the Arms Export Control Act, such tests by a nondeclared nuclear weapons state, if confirmed by the president, oblige him to suspend foreign aid and military assistance, bar sales of military and other nonhumanitarian exports, vote against the country in international financial institutions and prohibit U.S. banks from making loans to the country's government, except for agricultural purchases.

The president can waive the sanctions if he determines them to be against U.S. national security, but Congress, certain to be angered by the tests, has the possibility of overriding the waiver.

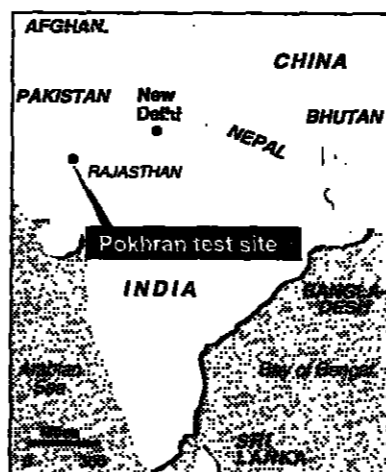
James Rubin, the State Department spokesman, said the sanctions laws were being examined.

He added, "We strongly urge Pakistan to refrain from responding with a nuclear test of its own."

It was unclear whether a visit by Mr. Clinton to India and Pakistan, scheduled

See SANCTIONS, Page 4

### Nuclear Testing in the 1990s



Country	Test Date
India	May 11, 1998
China	July 29, 1996
China	June 8, 1996
France	Jan. 27, 1996
France	Dec. 27, 1995
France	Nov. 21, 1995
France	Oct. 27, 1995
France	Oct. 1, 1995
France	Sept. 5, 1995
China	Aug. 17, 1995
China	May 17, 1995
Latest U.S. test:	Sept. 23, 1992
Latest Soviet test:	Oct. 24, 1990
Latest British test:	Nov. 26, 1991

### Nuclear Tests From 1945 to 1996

Megatonnage expended in nuclear tests by the declared nuclear weapons states. A megaton is an explosive force equivalent to 1 million tons of TNT. India, Pakistan and Israel have not officially declared nuclear weapons capability.

Country	Atmosphere	Underground	Total	Number of tests
United States	141	38	179	1,035
Soviet Union	247	38	285	715
Britain	8	0.9	8.9	45
France	10	4	14	210
China	21.9	1.5	23.4	44
Total	427.9	82.4	510.3	2,049

Sources: Natural Resources Defense Council; The Bulletin of the Atomic Scientists

### AGENDA

#### Exit Polls in Philippines Favor Estrada

Millions of Filipinos cast their ballots Monday for president, vice president and 17,000 other local and national officials.

Early exit polls supported pre-election predictions that the country's next leader will be Vice President Joseph Estrada, 61, a former actor and

college dropout who is popular among poor people but derided among the nation's elite as ignorant and incompetent.

"It is the revenge of the masses," said Joel Rocamora, a former leftist revolutionary who now heads a political think tank. Page 4.

#### PAGE TWO From Drug Lord to Real Prosperity

SPECIAL REPORT Pages 19-21. Private Banking

#### Books Page 9.

Crossword Page 11. Opinion Pages 8-9. Sports Pages 22-23. The IHT on-line www.ihl.com

### Pakistanis Clamor To Test Own Weapons

Compiled by Our Staff From Dispatches

ISLAMABAD, Pakistan — Foreign Minister Gohar Ayub Khan of Pakistan said Monday that nuclear testing by India was sucking his country into a nuclear arms race and vowed to make Pakistani defenses "impenetrable against any Indian threat, be it nuclear or conventional."

Mr. Gohar Ayub stopped short of saying that Pakistan would conduct a nuclear test of its own, but he said, "Pakistan reserves the right to take all appropriate measures for its security."

The responsibility for dealing a death blow to the global efforts at nuclear nonproliferation rests squarely with India," he said.

Even before the new Indian tests, pressure was mounting from rightist Islamic parties for Islamabad to conduct a nuclear test and put a nuclear bomb into its arsenal.

"We have now to show that we have a counterregional bomb," Hamid Gul, a former head of the Pakistani secret service, said Monday. "All the Muslim countries are vulnerable to India's ambitions that are driving it toward the Gulf and Central Asia."

India and Pakistan have fought three wars since the Asian Subcontinent gained its independence in 1947. The two neighbors came dangerously close to a fourth, possibly nuclear, confrontation in 1990 over the disputed state of Kashmir, the flash point of two previous wars.

Mr. Gohar Ayub complained that the West had failed to use its diplomatic and financial muscle to force India's new Hindu nationalist government to exercise restraint.

"We have been sucked into nuclear weapons race and a missile race which has been forced upon us," he said on television.

"I condemn this very strongly and the international community and world must condemn this very strongly and put sanctions against India because now they are more or less trying to say, 'To hell with you,'" he said.

Referring to the tests, he added, "I say very clearly that they have been encouraged by the lackluster, very mild cautionary notes to India," he said.

See PAKISTAN, Page 4

## 50 Years Ago, Hungry Berlin Looked Skyward

By William Drozdiak  
Washington Post Service

BERLIN — Fifty years later, Herbert Monien still hears the low rumble of the American plane bearing a precious cargo of sugar as it dropped out of the clouds on a freezing November night. He still sees the flash of fire when the craft overshot the runway and crashed into a warehouse at Tempelhof Airport.

Mr. Monien, now 83, remembers the agonizing groans as he rushed to help the crew. "They were screaming like crazy," he said. "I dragged out the pilot and plunged him into a nearby water tank. Then I went back and got the other two crewmen. They all had third-degree burns, but I got them to the hospital in time to save their lives."

At the time, Mr. Monien was in charge of mon-

itoring the relief supplies that Western Allies were airlifting to 2 million residents of West Berlin who were stranded when the Soviet Army cut off ground access to their island of freedom in 1948. The blockade lasted 462 days and was one of the defining moments in the early days of the Cold War.

When President Bill Clinton visits Tempelhof on Wednesday at the start of a European trip, he will pay tribute to the heroic actions of Mr. Monien and countless others who ensured the success of history's greatest humanitarian air rescue. It is an achievement that for many Berliners symbolized how the United States would stand by newly democratic allies who only three years earlier were regarded as mortal enemies.

The statistics alone attest to an amazing logistical feat. More than 2.3 million tons of food, fuel and

medicine were delivered to Tempelhof and two other makeshift airfields to sustain the Western enclave 180 kilometers (110 miles) inside the Soviet-occupied zone of Germany. U.S. and British planes, with crews mobilized for round-the-clock service, flew 278,000 cargo missions.

At the peak of the airlift, planes were taking off and landing every 30 seconds.

The crisis erupted in spring 1948 when the Soviet Army began disrupting the flow of troops and supplies by the three Western Allies, the United States, France and Britain, to their occupation sectors in West Berlin. When West Germany introduced its new currency, the Deutsche mark, on June 24, the Russians closed off all ground routes to force the allies to abandon their

See AIRLIFT, Page 10

ected to emation... which national... as drug sale of by crimine U.S. states and idren... are now... because s us both... said a y day we stem, the nes... criminal if dollars stripping rcrement (W/P)

Jephardt... ty lead... is to oust Indiana... e invest... ractices: his week... he will, But if he been do... ask him the floor fouse to (NYT)

ht

accounting... be pub... recom... gress re... lible for ted States... poultry, to equivalent s... ral food-disagreed nendation, h mandar... ld disrupt ed at one... said. Of... eral Drug w believe should be mandatory.

RFU

office 0338

## Still Suspected by U.S./ Former Opium Warlord in Burma

## Mr. Lo Insists That He Deals Cars, Not Drugs

By Christopher S. Wren  
New York Times Service

RANGOON — Chauffeur-like about town in his gleaming white sedan, Lo Hsing-han, the world's biggest heroin producer, has been indicted for trying to smuggle 3,500 pounds (1,600 kilograms) of heroin into New York.

The Burmese government refuses to extradite Khun Sa to the United States, where he has been indicted for trying to smuggle 3,500 pounds (1,600 kilograms) of heroin into New York. He has described himself as a real estate agent and his investments are said to include a new resort casino and a bus route between Rangoon and Mandalay.

Mr. Lo has traveled far from his bare-knuckle origins as an opium warlord of the Golden Triangle in the early 1960s, when U.S. drug officials linked him to much of the heroin winding up on the streets of American cities. He later survived seven years in a Burmese prison under sentence of death for treason, but after his release in 1980 he earned the government's gratitude for brokering a critical cease-fire with ethnic insurgents in 1989.

Now, Mr. Lo says, there is more profit in selling cars across the Chinese border than in smuggling drugs. The United States views Mr. Lo's prosperity as evidence that the Burmese economy is awash in laundered drug money and that its military junta has encouraged investment of drugs money in its development projects.

"Drug traffickers who once spent their days leading mule trains down jungle paths are now leading lights in Burma's new market economy and leading figures in its new political order," Secretary of State Madeleine Albright told the Association of South East Asian Nations, known as ASEAN, in Kuala Lumpur last July.

Proving any current complicity by Mr. Lo is more difficult. "There are no smoking guns, no evidence linking him to any investigation whatsoever" at present, a Western official who follows narcotics conceded.

At the age of 64, Mr. Lo has not lost the nerve that helped him thrive in the opium trade. Told that several American reporters wanted to interview him, he invited them to dinner. He denied any involvement now in trafficking or money laundering.

"I welcome the whole world to investigate me," Mr. Lo said, promising \$5,000 to anyone who could link him to drugs in the last 25 years.

BARELY glancing at his diamond-studded gold Rolex wristwatch, Mr. Lo fielded questions in Chinese while his chopsticks poked at a succession of dishes.

He reminisced about the late 1960s and early 1970s when his opium-laden mule caravans stretched several miles across the mountainsides and ravines of Kokang, his ethnic Chinese home region in northeast Burma.

What drove him, he contends, was not greed but benevolent concern for Kokang's struggling poppy growers. "I don't bother about eating, drinking or traveling," he said. "My whole life has been spent just

helping the poor." Mr. Lo is hardly the only reputed drug trafficker to succeed in business in Burma. Khun Sa, the world's biggest heroin producer, surrendered his rebel Shan army in January 1996 and moved into a villa in a government military compound in Rangoon.

The Burmese government refuses to extradite Khun Sa to the United States, where he has been indicted for trying to smuggle 3,500 pounds (1,600 kilograms) of heroin into New York. He has described himself as a real estate agent and his investments are said to include a new resort casino and a bus route between Rangoon and Mandalay.

MR. LO'S drug career began when he commanded a home guard unit battling Communist insurgents. The only way to equip and feed his troops, he said, was through the opium trade. "In the Kokang mountains, people earned their living from poppy for over 100 years," he said. "Over that period, poppy-growing and trading were legal. It was the only income for people."

As he tells it, rival traffickers demanded commissions of 25 percent or 30 percent to take the opium for refining in Thailand. He undercut them by charging 20 percent.

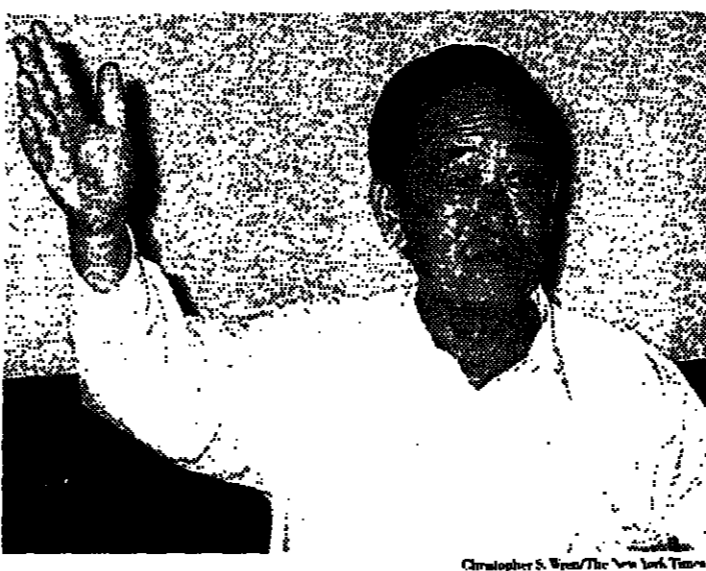
Twice a year from 1963 to 1973, Mr. Lo said, he moved 10 to 20 tons of opium to the Thai border, using his own troops and 800 to 1,000 mules for each convoy. "It stretched out for three miles," he said. "If it went smoothly, it took about 26 days."

He waved aside questions about how much he earned. "I was working for the Kokang people and the poor people who were looking for a way to sell their product," he said. "I did so much for them, and I felt it was honorable."

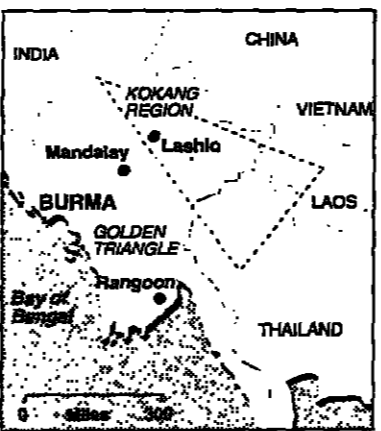
When the government ordered him to disband his troops, Mr. Lo refused. "The Kokang people needed the opium market," he said. "It was their sole agent, so the Kokang farmers got a reasonable price."

In 1973 he was lured across the Thai border, captured, extradited to Rangoon and sentenced to death. "I didn't think any harm would come to me," he said. "The government didn't charge me with opium trafficking. They charged me with treason and violating socialist economic law."

He served a month short of seven years in prison before being released in a 1980 amnesty. Mr. Lo opened a bakery in Rangoon, raised livestock in Lashio and mined precious stones, using what he explained were family loans, not drug profits.



Christopher S. Wren/The New York Times



"I welcome the whole world to investigate me," says Lo Hsing-han, now a leading Burmese businessman. He promises \$5,000 to anyone who can link him to drugs in the last 25 years.

In 1989, he persuaded Peng Jiasheng, who led Kokang's rebel army, to accept a truce with the military junta. The junta rewarded Mr. Lo with choice gem and timber concessions.

Since then, he said, "I have done a lot of import-export business, and also Chinese-border trade," delivering new cars from Rangoon to China's Yunnan Province. Mr. Lo described his Asia World company as "doing quite well" with an annual profit somewhere "over \$1 million." He declined to say how much more.

He said he did not need to traffic in drugs now. "Since the market economy appeared in Burma, it is easier to earn money trading vehicles on the Chinese border," he said. He estimated that he turns a profit of \$2,500 on every car he sells to the Chinese.

Colonel Kyaw Thein, head of the government's drug control program, said of Mr. Lo, "He's been out of the drug business since he was released from prison, because he knows that every intelligence agency will be keeping their eyes on him."

But a Western diplomat charged that the government let Mr. Lo launder his money in legitimate businesses. "He has the connection with the banks," the diplomat said.

## Mistrust Strands Cyprus Between War and Peace

By Kelly Couturier  
Washington Post Service

NICOSIA — A stroll down historic Ledra Street, lined with boutiques, cafés and ice cream shops catering to the flourishing tourist trade, ends abruptly with a walled lookout post and a young Greek Cypriot soldier armed with a bayonet rifle.

The soldier allows visitors to climb up and take a look beyond the wall, where 45 meters (50 yards) away, past layers of barbed wire and crumbling buildings that used to be part of Ledra Street, a Turkish Cypriot guard stares back.

This scene, along the Green Line that marks the division of Cyprus into Greek Cypriot and Turkish Cypriot sectors, is one of dozens of reminders of the 24-year truce that has held on this Mediterranean island.

Against this persistent mistrust on the part of both Cypriot communities and by their allies in Greece and Turkey, a steady flow of would-be international mediators, including most recently Richard Holbrooke of the United States, has walked away empty-handed.

The mistrust also has led to a steady arms buildup, increasing the danger that Cyprus could become a flash point, drawing Greece and Turkey into open hostility. Officials of the United States and the North Atlantic Treaty Organization say they are increasingly concerned about such a scenario — which would destroy the stability of NATO's southern flank — especially in view of the planned delivery late this summer of Russian-made S-300 anti-aircraft missiles to the Greek Cypriot government.

Turkey has threatened to use force to prevent deployment of the missiles, prompting the United States to step up efforts to keep tensions on the island from escalating.

After two days of shuttle diplomacy last week failed to get renewed reunification talks off the ground, Mr. Holbrooke said the United States would not walk away from the Cyprus problem.

"American engagement in Cyprus, as requested by both sides, will continue in an effort to prevent a deterioration of the situation," he said.

Except for a few incidents, including shootings that left three Greek Cypriots and one soldier on the Turkish Cypriot side dead in 1996, there has been no violence on the island since the brief war that split Cyprus in 1974. But what prevails here cannot be called peace.

The presence of 30,000 Turkish troops north of the Green Line is never far from the collective psyche in the Greek Cypriot south, where the internationally recognized government of the Republic of Cyprus sits. The Turkish star-and-crescent flag, emblazoned in whitewashed stone on a mountainside north of Nicosia and visible for many kilometers in the south, is a daily reminder of what many Greek Cypriots see as Turkey's designs on the island.

Billboards at the checkpoint display bloody pictures of the three Greek Cypriots slain in 1996. On the other side of the buffer zone — a little less than a kilometer of no-man's-land lined with vacant shops and decaying houses — an array of equally gory photos awaits the visitor entering northern Cyprus. The photos show atrocities committed by Greek Cypriot militias on ethnic Turks from 1963 to 1974.

Just as the Turkish presence in the north is indelibly stamped on the Greek consciousness, the communal violence of the 1960s and the 1974 Greek-backed coup by supporters of a political union of Cyprus with Greece are emblazoned in the collective memory of the island's Turkish Cypriots, who number 170,000, compared with 657,000 Greek Cypriots.

In response to the coup, Turkey invaded in July 1974 and, in a two-stage offensive, took control of 38 percent of the island. The Turkish Republic of Northern Cyprus, led by Rauf Denktaş, was proclaimed and recognized only by Turkey.

U.S. and other Western officials say that chances for unification have slipped away, since December, when the European Union decided to begin membership talks

with the government of Cyprus. At the same meeting, Turkey, a longtime aspirant, was left off a short list of EU candidates. Mr. Denktaş, backed by the Turkish government, vowed not to return to the negotiating table unless Turkish Cyprus was recognized as a sovereign state.

"The whole negotiation process is going downhill unless we arrest it now," said Gustave Faissel, chief of mission of the United Nations peacekeeping force in Cyprus, which patrols the 190-kilometer buffer zone.

Already, says one Turkish Cypriot political analyst, most discussion about Cyprus has shifted from a debate about what type of federation is possible on the island to the question of to what extent Turkish Cyprus will continue integrating with Turkey. Although Turkish officials stop short of signed several agreements, over the past few months providing for closer economic and diplomatic integration with Turkey.

But there are incentives, mainly economic, for the two sides to reach a settlement or at the very least avoid an armed conflict. In the south, tourism has spurred economic growth through the 1990s and allowed the population to prosper. Officials readily acknowledge the negative impact that any threat of conflict would have on that trade.

In the north, the lack of private and public investment, shortages of skilled labor, high inflation and the devaluation of the Turkish lira have driven down the standard of living. The prospect of joining the European Union — provided a federal solution could be worked out that would provide adequate security for the Turkish Cypriot population — holds much attraction.

"A solution to the Cyprus problem is essential," said Mehmet Ali Talat, leader of the main Turkish Cypriot opposition party, the Republican Turkish Party. "It will end the international isolation under which the Turkish Cypriot community has suffered for so long, and it will open the way for European Union membership, which will benefit our people economically as well as contribute to our security."

But he added: "Unfortunately, Mr. Denktaş does not share my wish for a solution. I am sure that what he wants instead is integration with Turkey."

## U.S. Inspections Show Deteriorated Wiring in 737s

The Associated Press

WASHINGTON — After inspecting 47 Boeing 737s, the U.S. Federal Aviation Administration announced Monday that 50 percent of the planes showed signs of wear in power lines running through their wing fuel tanks.

"I think any time we see abrasion in wiring we are concerned," the agency's administrator, Jane Garvey, said in a television interview.

"As of this morning we've got about 47 inspections in, and it's still holding true to form that about 50 percent are showing some signs of abrasion," Ms. Garvey said.

United Airlines, which canceled 54 flights Sunday to make the emergency inspections, said it expected to have all of its 18 affected aircraft operating Monday. Southwest Airlines, which has 35 such airplanes in its all-737 fleet, had mechanics work in teams of three over the weekend to finish the work.

The inspections affected 15 percent of the 737s operating in the United States. It was the broadest order by the aviation agency involving commercial aircraft since McDonnell-Douglas DC-10s were grounded in 1979.

The inspections came three days after the agency gave airlines up to a week to inspect their oldest 737s for signs of wear in the wiring or the pipes that carry the wires through the fuel tanks.

A recent inspection of a Continental Airlines 737 found both exposed wires and holes in the piping believed to have been caused by electrical sparks. Officials feared the mixture of fuel, air and electricity could spark an explosion such as that which downed TWA Flight 800 in 1996, killing all 230 on board.

On Saturday, mechanics inspecting a United Airlines 737 found one wire bundle that showed signs of sparking in

one spot and a second area where the wires had been worn bare, most likely from vibration during the plane's 50,000 hours in flight.

That prompted the aviation agency to revise its original directive, ordering all Boeing 737-100 and -200 series aircraft immediately out of passenger service until they could be inspected and repaired. These planes have cigar-shaped engines mounted directly under their wings. U.S.

carriers operate 179 such aircraft.

The agency also ordered inspections over the next two weeks for 737s with between 40,000 and 50,000 flight hours, generally the newer generation Boeing 737-300, -400 and -500 aircraft. Those models have oval-shaped engines mounted on pylons that extend in front of the wings. There are 118 such planes in the United States and 282 worldwide.

## TRAVEL UPDATE

## French Train Snarls Expected Wednesday

PARIS (AFP) — Severe disruptions in service are expected to hit France's state-owned SNCF railroad on Wednesday following calls for a "national day of action" by trade unions demanding wage increases and extra staffing.

Five unions have issued a call for strikes and protest action to begin Tuesday at 8 P.M. and end Thursday at 8 A.M.

The SNCF is expected to issue details on the expected disruptions before the start of the protest.

The unions want better salaries and pensions as well as increased staff and

equipment to cope with what they describe as a bigger workload.

## Thais Try to Improve Fire Safety in Hotels

BANGKOK (AP) — Ten months after a hotel fire in the Thai beach resort of Pattaya killed 91 people, Pattaya hotels are launching a fire-safety program. The campaign was launched with more than 150 hotels participating. Deputy Labor Minister Jongchai Thientham said.

The first of two phases in the campaign is to involve seminars in which hotel operators can learn about the most up-to-date fire safety codes and equipment. The second phase will involve inspections of hotels.

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

## Europe

City	Today	Low	High	Low	High
Amsterdam	17/62	12/54	18/64	11/52	17/62
London	16/61	12/54	18/64	11/52	17/62
Paris	17/62	12/54	18/64	11/52	17/62
Rome	17/62	12/54	18/64	11/52	17/62
Madrid	17/62	12/54	18/64	11/52	17/62
Barcelona	17/62	12/54	18/64	11/52	17/62
Brussels	17/62	12/54	18/64	11/52	17/62
Frankfurt	17/62	12/54	18/64	11/52	17/62
Hamburg	17/62	12/54	18/64	11/52	17/62
Munich	17/62	12/54	18/64	11/52	17/62
Vienna	17/62	12/54	18/64	11/52	17/62
Zurich	17/62	12/54	18/64	11/52	17/62

## North America

City	Today	Low	High	Low	High
New York	17/62	12/54	18/64	11/52	17/62
Los Angeles	17/62	12/54	18/64	11/52	17/62
Chicago	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62	12/54	18/64	11/52	17/62
Denver	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
San Antonio	17/62	12/54	18/64	11/52	17/62
Fort Worth	17/62	12/54	18/64	11/52	17/62
Dallas	17/62	12/54	18/64	11/52	17/62
Houston	17/62	12/54	18/64	11/52	17/62
San Jose	17/62	12/54	18/64	11/52	17/62
San Francisco	17/62	12/54	18/64	11/52	17/62
Seattle	17/62	12/54	18/64	11/52	17/62
Portland	17/62	12/54	18/64	11/52	17/62
San Diego	17/62	12/54	18/64	11/52	17/62
Phoenix	17/62	12/54	18/64	11/52	17/62
Las Vegas	17/62	12/54	18/64	11/52	17/62
Albuquerque	17/62				

THE AMERICAS

# Republicans Start Fretting About November

By Alison Mitchell  
New York Times Service

WASHINGTON — After months of confidence that the nation was heading into a serene, status-quo election, Republicans are suddenly worried that they could lose control of the House this November unless they energize their conservative base.

"There's a whole host of warning signs," said Ralph Reed, a Republican strategist and former executive director of the Christian Coalition. "My own view is that the Republican House majority is in jeopardy. I'm not predicting a Democratic pickup. I'm just saying it's in jeopardy."

This concern has been driving House actions lately and was very much in evidence Friday as House Republican leaders huddled at the Library of Congress with a wide array of Christian and other social-issue conservatives.

After a contentious three-hour session, the senior Republicans vowed a new commitment to the agenda of the groups, which were a key element of the Republican electoral majorities in 1994 and 1996. Representative Tom DeLay, Republican of Texas, the House majority whip, described the meeting as "a lot of good, solid, frank talk about our concerns, their concerns, listening to each other and carrying on a dialogue."

The meeting came at a pivotal political moment for the Republicans.

The chairman of the House Republicans' re-election committee, Representative John Linder of Georgia, still maintains publicly that House Republicans will pick up at least 10 to 15 seats. But he acknowledges: "We've got to energize the base. I also want very much to energize my colleagues who need an understanding it's a political year."

Republicans say the Georgian was far more blunt in a closed-door meeting of

the House Republican leadership just after the last congressional recess ended in mid-April. He gave his fellow Republicans a strategy memorandum warning that they could endanger their majority status unless they started drawing sharp distinctions between themselves and the Democrats.

The jitters among Republicans have several causes. For one thing, the Republicans have more districts to worry about than they had expected, defending 17 open seats, compared with 16 for the Democrats. They have little room for error: The Republicans' 11-seat majority is the narrowest one in the House in half a century.

The death of Representative Steven Schiff of New Mexico and the unexpected decision by Representative Wes Watkins of Oklahoma not to seek re-election have left them with uphill fights. Mr. Watkins, for example, is a former Democrat and his district is

known as "Little Dixie" because of its traditional Democratic allegiance.

In addition, for months voters have told pollsters they prefer a Democratic Congress to a Republican one or else they put the parties at a virtual tie. Such poll readings are considered a useful indicator of the political terrain on which individual candidates must fight.

Democrats are doing remarkably well financially. An analysis of recent reports to the Federal Election Commission shows that Democrats in the 33 open House seats are out-raising Republicans. The typical Democratic candidate in an open seat has \$112,415 in cash on hand, compared with \$77,688 for the typical Republican.

Perhaps most importantly, House Republicans have become concerned that social conservatives, who can help Republicans turn out their core supporters, are disaffected with a Congress that has not been able to deliver on their issues.

"It's very clear that the people who stand out in the rain for us have not been enamored with the past year," said Representative Lindsey Graham, Republican of South Carolina, who is one of the conservative firebrands of the sophomore class. He praised party leaders for reacting. "What's stupid is to ignore the obvious."

These concerns, Republicans said, help explain why the leadership is scheduling an array of votes over the next several months on issues dear to conservatives, such as prayer in the schools, even though much of that legislation has no chance of passage.

The House leaders created a new House task force called the "Values Action Team," headed by Representative Joseph Pitts, Republican of Pennsylvania, to coordinate with the groups on an array of legislation.

The House soon will take up legislation important to Christian conservatives that could impose economic sanctions on countries that persecute people for their religious beliefs. Coming this summer is a vote on a constitutional amendment to allow prayer in schools.

The groups said the session could be the beginning of a rapprochement, but that they were looking for action, not just promises. James Dobson, whose Focus on the Family radio show draws 5 million listeners, said there was "good discussion," but added, "only time will tell."

"It's easy to talk about things," he said. "It's tougher to get action in Congress and certainly in the Senate."

## POLITICAL NOTES

### Report Is Readied On Fund-Raising

WASHINGTON — The outgoing head of the Justice Department's campaign finance task force is preparing a final report for Attorney General Janet Reno that will determine whether senior Democrats should be prosecuted for allegedly conspiring or acting individually to violate fund-raising laws, according to Justice Department officials.

Charles LaBella, the career federal prosecutor who was brought in last September to revitalize the floundering task force, believes sufficient evidence now exists to conclude whether abuses extended beyond individual fund-raisers to senior Democratic National Committee officials and perhaps into the White House, officials said.

His report, which department officials said is expected by midsummer, seems certain to reignite the controversy over fund-raising during the 1996 election cycle, particularly in the Clinton-Gore campaign, and the debate over whether it should be investigated by an independent counsel.

Mr. LaBella's approach marks a sharp departure from the "bottom-up" strategy that marked the first year of the 18-month-old task force investigation. Rather than building cases against the front-line fund-raisers — three of whom already have been indicted — his report will horizontally piece together evidence from dozens of separate investigations to look for any pattern of illegal activity orchestrated by the Democratic National Committee and White House officials.

"After the same characters emerge playing the same roles in several different cases, an investigator has to determine whether there is a common theme, and the task force now knows enough to do that," said an official familiar with Mr. LaBella's thinking. (WP)

President Bill Clinton is expected to announce on Tuesday the International Crime Control Strategy, which identifies the major international threats to the United States as drug trafficking, acquisition or sale of weapons of mass destruction by criminals, the transfer of sensitive U.S. technology to rogue foreign states and trafficking in women and children.

"This is where the threats are now, and what we must focus on because transnational crime threatens us both politically and economically," said a White House adviser. "Every day we wait in dealing with the problem, the more unmanageable it becomes."

Officials say international criminal organizations, with billions of dollars at their disposal, are far outstripping the capabilities of law enforcement officials to contain them. (WP)



Richard Gephardt

### Quote/Unquote

Representative Richard Gephardt of Missouri, the House minority leader, on the effort by Democrats to oust Dan Burton, Republican of Indiana, as chairman of the committee investigating campaign finance practices: "They're going to try again this week to get him to act properly. If he will, we're willing to go forward. But if he simply continues what he's been doing, we have no choice but to ask him to step down, and even go to the floor of the House and ask the House to vote on this proposition." (NYT)

### New War on Crime

WASHINGTON — The Clinton administration, believing that the United States is falling behind in the war against international organized crime, is set to unveil its first comprehensive plan to combat the growing power of sophisticated criminal syndicates. According to officials,



Thirty-one coal cars in a jumble in Baltimore, Ohio, where they derailed, smashing the Vanhorn residence.

### Away From Politics

• A couple and their dog escaped just moments before a Conrail coal train derailed Sunday and slammed into their Ohio house, knocking it 6 feet off its foundation. Robert Vanhorn and his wife told the authorities that they had run to the opposite side of the house after they heard the train coming off the tracks. At least one of the derailed cars hit the house, destroying part of an outside wall and taking the house off its foundation. (AP)

• A 90-year-old woman was killed and seven people were injured in the

second severe storm to sweep across South Carolina in three days, officials said. The woman was killed when her home was pulled off its foundation by a tornado that touched down in Summerville, South Carolina, about 18 miles west of Charleston, the officials said. (Reuters)

• The post office is raising the price of a first-class stamp by 1 cent, as well as other postal costs, despite three years of billion-dollar profits. The independent Postal Rate Commission agreed to the increase, to 33 cents, which the post office wants to implement this summer. The current 32-cent price to mail a first-class letter took effect Jan. 1, 1995, following a year in which the mail agency lost nearly \$1 billion. (AP)

• About 1,200 investors are wondering what happened to the more than \$17 million they placed with a group of Southern California and Las Vegas investment promoters. Much of the money raised to start the Children's Cable Network may have disappeared into the pockets of the promoters and their associates, according to a class-action lawsuit filed in state Superior Court in Los Angeles. Sources say the Federal Trade Commission is investigating the investment activities of several entities related to Children's Cable Network. (LAT)

## Exploiting the Dominican Connection

### Colombian Drug Barons Find Friendlier Base for Expanding Network

By Larry Rohter  
and Clifford Krauss  
New York Times Service

SANTO DOMINGO, Dominican Republic — In the early 1990s, Colombia's drug barons were fed up and eager to rearrange their business.

Impatient with the Mexican traffickers who were demanding half of every load delivered and distributed in the United States, they went looking for a country with weak law enforcement, proximity to the United States and established drug-distribution networks.

It did not take long for them to find the Dominican Republic. By the spring of 1995, Colombian cartels were ensconced in the Dominican Republic and looking to expand their network, which is what led one boss to invite Hidalgo Elias Velez, the Colombian owner of a struggling tropical-woods business in the Dominican Republic, to a lavish party outside Bogota and recruit him as an agent.

The Dominican Republic was "excellent," Mr. Velez, now serving a prison term in the Dominican Republic, recalled being told by his Colombian boss.

"You don't have any problems with your merchandise," the Colombian said. "Getting the money out is easy." Compared to their Mexican and Colombian counterparts, the Dominican authorities were so inexperienced, unprepared and ill equipped, "you don't even have to pay protection."

The Colombian drug cartel leaders also recognized, Mr. Velez said in an interview recently, that low-level Dominican drug dealers based in New York City were pushing their way up to the next echelon of the drug business, bidding for

a bigger share of the wholesale distribution of cocaine and heroin in the New England and mid-Atlantic states.

Just a few years later, the alliance between Colombian cartels and their Dominican partners has changed the geography of the drug trade once again. For the first time since American authorities began trying to blockade South Florida in the early 1980s, a significant portion of the drugs sold and profits made in the eastern United States is moving through the island countries of the Caribbean, with the Dominican Republic as the main gateway.

With that flood of drug profits have come a wave of corruption and a growing threat to political stability throughout the region. The amount of money from the United States laundered through Dominican financial institutions has doubled over the last three years, according to U.S. Customs Service estimates, to more than \$1 billion annually.

The Dominicans are supported by Colombian cartels determined not to repeat the error they made with Mexican rings, which are now gobbling up the Colombians' markets in the United States and even in South America. A University of Miami expert on international drug trafficking, Bruce Bagley, put it this way: "When the Colombians saw the Mexicans becoming greedier and even develop into rivals, they began to look to the Dominicans as more reliable partners."

The Colombians moved huge amounts of drugs through the Caribbean in the early 1980s, prompting the Reagan administration to mount its major crackdown.

While the bulk of Colombian cocaine and heroin continues to move through Mexico, the Colombian traffickers have in the last few years come full circle, returning to the Caribbean as a base.

A big obstacle remains in the way of this new breed of techno-savvy Dominican trafficker: Leonel Fernandez Reyna, the country's reformist president. Mr. Fernandez, 44, a lawyer, grew up in New York City, where in the 1960s he watched a drug culture emerging around him. It was then, friends say, that he developed an antipathy for narcotics and the corruption they engender.

But as president, Mr. Fernandez must combat a recalcitrant government bureaucracy and a political opposition that controls the Congress and is becoming increasingly dependent on drug money, American and Dominican officials say.

This week, voters here will go to the polls for elections that Dominican and American officials regard as crucial to the Fernandez government's success during its two remaining years in office. At the moment, the president's party controls only one of 30 Senate seats and 10 of 120 seats in the Chamber of Deputies, meaning that no legislation can be passed without the backing of at least one of the two main opposition parties.

The Fernandez administration has expressed support for tougher money-laundering legislation and streamlined extradition procedures, which Congress would have to approve to go into effect. So it is obvious why the stakes in the vote are so high.

## Lewinsky and Family Hire Media Specialist

The Associated Press

WASHINGTON — Monica Lewinsky and her family are adding a media relations specialist — a former deputy press secretary to President George Bush — as the investigation of President Bill Clinton reaches a critical phase.

Judy Smith, who has worked for investigators in the Iran-contra scandal and the drug prosecution of Mayor Marion Barry of Washington, was beginning her job Monday at the urging of Ms. Lewinsky's father, Dr. Bernard Lewinsky, and her mother, Marcia Lewis.

Ms. Lewinsky's lawyer, William Ginsburg, said Sunday night that he was "delighted to have Ms. Smith on board." He said it would allow him and the co-counsel, Nathaniel Speights, "to focus more intently on the legal issues."

Kenneth Starr, the special prosecutor who is investigating Mr. Clinton's dealings with Ms. Lewinsky, recently won an important court victory regarding the former White House intern. The chief U.S. district judge in Washington, Norma Holloway Johnson, ruled late last month that there was no immunity agreement that would protect Ms. Lewinsky in the investigation of allegations that there had been a sexual relationship between her and Mr. Clinton, and that she had been urged to deny it under oath.

Mr. Ginsburg had contended there was such an agreement between himself and Mr. Starr's office.

Ms. Smith runs her own media relations and public relations firm in New York. In 1991 and 1992, she was deputy press secretary at the White House. Subsequently, she was a senior vice president of communications at NBC.

"Every piece of jewelry has a story to tell"

**ilias LALAOUNIS**

ATHENS: 6 Panepistimiou Avenue - MYKONOS - RHODES - CORFU  
PARIS: 364, rue Saint Honoré - GENEVA: 23, rue du Rhône  
ZURICH - LONDON - NEW YORK - TOKYO - OSAKA

**RECRUITMENT**

Appears every Monday in The Intermarket.

To advertise contact Nina Neli in our London office  
Tel: + 44 1 71 420 0325 / Fax: + 44 1 71 420 0338  
or your nearest IITT office or representative.

**Herald Tribune**  
THE WORLD'S LATEST NEWSPAPER

Small Smaller

genie™ Philips' smallest mobile phone on the market.



**PHILIPS**  
Let's make things better

## ASIA/PACIFIC

## Vice President Leads Philippine Exit Polls

By Seth Mydans  
New York Times Service

GUAGUA, Philippines — Squatting on tiny schoolroom benches, their heads buried in three-sided cardboard boxes marked "Voting Booths," millions of Filipinos cast their ballots Monday for president, vice president and 17,000 other local and national officials.

Early exit polls supported pre-election surveys that predicted that the country's next leader would be Vice President Joseph Estrada, 61, a former actor and college dropout who is popular among poor people but derided among the nation's elite as ignorant and incompetent.

"It is the revenge of the masses," said Joel Rocamora, a former leftist revolutionary who now heads a political-policy institute. "They are tired of being led by smart people."

On huge brown tally sheets stretched across the classroom walls, and in an exit poll of more than 13,000 people conducted by radio station DZRH, Mr. Estrada held a commanding lead over candidates supported by the country's last two presidents, Corason Aquino and the incumbent, Fidel Ramos. Presidents are restricted by the Constitution to one six-year term.

"This is the last and greatest performance of my life," Mr. Estrada said as he squeezed into a schoolroom chair to vote Monday morning in his hometown, San Juan, which is part of Metro Manila. "Of course I will win. It's all over but the counting."

## Laborious Ballot Count Expected to Take 10 Days

This may take some time. A citizens' watchdog group said its "quick count" of the nation's 34 million eligible voters would take about 10 days. The official result is not due for at least two weeks.

The overwhelming favorite to win the separate vice presidential vote was Gloria Macapagal Arroyo, an economist who is the daughter of late President Diosdado Macapagal.

Trailing Mr. Estrada in the presidential exit poll was Mr. Ramos's choice, the House speaker, Jose de Venecia, and Mrs. Aquino's choice, Alfredo Lim, the mayor of Manila. A total of 11 presidential candidates fragmented the vote, making it likely that the victor would win fewer than 40 percent of the ballots.

Those predictions seemed to be coming true Monday in Guagua, a small farming town in Pampanga Province, northwest of Manila. After voting ended at 3 P.M., a laborious tally lasted far into the night, as school teachers read out the handwritten ballots for 20 positions, from president to senator to governor to mayor to city councilman.

Young poll-watchers crouched over their tallies, fanning themselves in the muggy evening with square slices cut from the cardboard voting booths.

The school yard, normally filled with the chants of children reciting the alphabet, was a roundelay of Filipino names, echoing from the different classrooms: Cunanan, Torres, Legarda, Soto, Ople, Abadia, Dinson, De Villa, Ducut. Most common, in ballot after ballot, were Estrada and Macapagal.

It was the daily Philippine Inquirer warned was "chaos by design," intended to open the way for manipulation, the vote was marred by myriad small irregularities: Ballot boxes whose transparent sides were covered by paper, counters who read out names too quickly to be tallied, indelible ink that easily washed off the hands of people who had voted, unscheduled lunch breaks during which poll-watchers wandered away.

There were fears of "flying voters" who cast ballots in several precincts, of "ghost voters" whose ballots were cast even though they had died or moved away, and of "dagdag-bawas," the Filipino words for "add-subtract," in which votes are switched during the counting.

And as always in the Philippines there was violence, with at least seven deaths reported during the voting, bringing the reported death toll during this election period to more than 40. Most of the violence was reported on the southern island of Mindanao, where groups of gunmen roamed some precincts and one candidate reportedly fired a mortar round at the home of a rival.

In a country where politics is a leading form of entertainment, this election was notable for the



People searching for their names Monday on voting lists in Bonnan, Philippines. In many precincts, the lists were incomplete. About 34 million people were eligible to vote.

large number of singers, actors and sports heroes running for office. More than 100 candidates for national office are current or former entertainers.

Even serious-minded politicians were required to dance and sing for their votes. "Don't forget

me," said Jose de Ocampo, Mr. Ramos's finance secretary, as he campaigned for a seat on the Senate. "I'm a singer, a guitar player and an economist."

He also wowed election crowds by demonstrating his karate kicks.

## More Than 2,000 Tests

## U.S. Leads the List With 1,032 Explosions

Agence France-Presse  
NEW DELHI — The first atomic bomb was exploded on July 16, 1945, in the New Mexico desert in the United States. The official total of nuclear tests has since risen to more than 2,000.

According to the International Institute of Strategic Studies in London, these were mostly conducted by the five declared nuclear powers — the United States, the Soviet Union (now Russia), France, Britain and China.

The United States heads the list with 1,032 tests, followed by the Soviet Union with 715, France with 210 since 1960, Britain with 45 and China 44.

The 1963 partial test ban treaty signed by the United States, the Soviet Union and Britain forbade atmospheric testing but permitted nuclear powers to conduct underground tests.

India, which announced three underground nuclear tests on Monday, carried out an earlier test in 1974.

The more recent Comprehensive Nuclear Test Ban Treaty, agreed by the United Nations and opened up for signature in 1996, theoretically bans any nuclear testing at all. But India opposed the treaty and has refused to sign it.

The treaty will take effect once 44 countries — including the nuclear

powers — ratify the document. Only 13 have so far ratified it.

India has been described as a "threshold" nuclear power, meaning it was believed to have the capacity to produce nuclear weapons and may have them already.

India is not considered a full nuclear power because under the 1970 Nuclear Nonproliferation Treaty this status applies only to states that conducted tests before Jan. 1, 1967.

Pakistan is also considered a threshold nuclear power, justifying its refusal to sign the Comprehensive Nuclear Test Ban Treaty by its need to maintain military parity with India, with which it has fought three wars since independence and partition of the Asian Subcontinent in 1947.

The Chinese, who exploded their first nuclear weapon in October 1964, announced after their most recent test, on July 29, 1996, that they were suspending nuclear testing.

North Korea said May 8 that it might revoke its decision to freeze its nuclear program if the United States did not respect commitments undertaken in 1994. Under the accord, Pyongyang agreed to freeze its nuclear program in return for more modern nuclear reactors.



Prime Minister Indira Gandhi, below, at the site of India's first nuclear test shortly after the 1974 underground blast devastated the area. The tests Monday took place at the same testing ground, 70 miles from Pakistan.



## India's Senior Nuclear Scientist Celebrates Bomb

BANGALORE, India — The phone has not stopped ringing at Raja Ramanna's house since Prime Minister Atal Bihari Vajpayee announced Monday that India had conducted three underground nuclear explosions.

And not without reason. The 73-year-old scientist is considered to be the father of India's atomic test program.

Mr. Ramanna opened a bottle of wine to celebrate after New Delhi announced the three tests near the western town of Pokhran, the first in 24 years.

"These are only ornaments, but necessary in the modern world," Mr.

Ramanna said in an interview. "They can't kick us around, especially Pakistan."

Mr. Ramanna was the director of India's Bhabha Atomic Research Center when India exploded its first nuclear device at Pokhran in 1974 and was the chief scientist behind the project.

Mr. Ramanna said the three explosions Monday were very significant because they meant India's nuclear progress since 1974 had been tremendous. The tests, he said, were proof of the country's skills in making nuclear bombs.

"Producing a hydrogen bomb is no simple thing, and it seems to have

## India's Statement About the Tests

Reuters  
Following is the statement released by Prime Minister Atal Bihari Vajpayee on the Indian tests:

"I have an announcement to make: Today at 1545 hours, India conducted three underground nuclear tests in the Pokhran range. The tests conducted today were with a fission device, a low-yield device and a thermonuclear device. The measured yields are in line with expected values.

"Measurements have also confirmed that there was no release of radioactivity into the atmosphere. These were contained explosions like the experiment conducted in May 1974. I warmly congratulate the scientists and engineers who have carried out these successful tests."

## NUCLEAR: India's Tests Raise Old Fears

Continued from Page 1

ernment of India to conduct three nuclear tests," the White House spokesman, Michael McCurry, said. "This runs counter to the effort the international community is making to promulgate a comprehensive ban on such testing."

For several years, India and Pakistan have engaged in a regional cold war that until Monday was confined to the development of missiles with progressively longer ranges. Pakistan's test last month of the Ghauri missile, with a range of 1,490 kilometers, was seen as a response to India's movement last year of Prithvi missiles into storage near the border within range of Pakistan's major cities.

Mr. Vajpayee described the tests as "contained explosions like the experiment conducted in May 1974," the only previous time India has detonated a nuclear device.

Monday's tests were also done at the same place as the first one, in the desert of Rajasthan state at Pokhran about 110 kilometers from the Pakistani border.

The prime minister said monitoring equipment showed no radioactivity had been released into the atmosphere. The latest tests included the detonation of a thermonuclear or hydrogen device that Mr. Mishra said had a "much bigger" yield than the 1974 explosion, while the other two carried about the same force. One was "a low-yield device" like the one tested in 1974, and the other "a fission device."

Although the Cold War made nuclear weapons unpopular in the United States and other Western nations, the development of strategic armaments has wide public support in both India and Pakistan.

according to opinion polls. A majority of Pakistanis, having lost three wars to India since 1947, consider nuclear weaponry as a practical way to neutralize the superior conventional strength of a much larger India whose military prowess Pakistan cannot hope to match despite its heavy defense expenditures.

Indians have appeared driven more by a relentless wish for international respect for their huge but poor nation of 950 million people. The nation's strategic analysts typically speak of a need to compete militarily with China, a declared nuclear power that humiliated India in a 1962 border war and has treated its neighbor as an inconsequential military threat since then.

Both the campaign platform of the Hindu nationalist Bharatiya Janata Party, to which Mr. Vajpayee belongs, and his coalition government's agenda promised to "exercise the option to induct nuclear weapons," wording that has been regarded as deliberately ambiguous. One leader of the Bharatiya Janata Party suggested that the nuclear tests would guarantee India the permanent seat it covets on the United Nations Security Council. Another party leader predicted that the testing would unify a politically divided India.

Mr. Mishra did hold out the possibility that India's tests could ultimately lead to more formal restraint instead of spiraling escalation. He said that India could possibly forgo future tests in accord with the Comprehensive Test Ban Treaty, which the nation has refused to sign, and depend on computer simulations to update its nuclear capability. Such a scenario, he said, "would depend on a number of reciprocal activities." Pakistan has not signed the test ban either.

## PAKISTAN: Clamor for Testing Its Own Nuclear Weapons Grows

Continued from Page 1

The main opposition leader, Benazir Bhutto, condemning the Indian tests, urged the international community to take "stern notice," as the Indian action had "irreparably" damaged the "fragile" trend of nonproliferation in South Asia.

The former prime minister predicted a "new and dangerous era of arms" as the Indian tests "qualitatively alter the security environment and will result in arms which will further impoverish the poor people of the region."

The Indian tests came one month after Pakistan said it had test-fired its new "Ghauri" missile, with a 1,500-kilometer (930-mile) range, to defend itself.

The top Pakistani nuclear scientist, Abdul Qadeer Khan, said Islamabad could conduct a nuclear test and was only waiting for government instructions to do so.

The chairman of the Pakistani Senate Foreign Affairs Committee, Akram Zaki, said: "India's policy is a bullying policy. We should refuse to be bullied."

"Pakistan has the obligation to main-

tain a deterrent capability," he added.

The most vehement reaction came from Pakistan's leading fundamentalist party, Jamaat-i-Islami, which said: "We demand of the government of Pakistan to conduct a nuclear test forthwith."

"If the government fails to do so under any American pressure, it will mean a surrender of our sovereignty and enslaving the country to the United States," said the head of Jamaat-i-Islami, Qazi Hussain Ahmad, adding that if Islamabad "shows cowardice and puts off the vital decision because of any experience, India's hegemonic designs will receive a boost in the region."

"We hope that the nation will hear the happy tidings of a nuclear test by Pakistan in a matter of days," he said.

(Reuters, AP, AFP)

## No Surprise to Pakistanis

Brian Knowlton of the IHT reported from Washington:

A top Pakistani nuclear scientist, Munir Ahmad Khan, said that the tests, which followed vows by the new governing party in India to demonstrate that country's nuclear capabilities, were "no

surprise, but it is certainly a shock that they committed this folly."

"It is most unfortunate and unwise for India," said Mr. Khan, former chairman of Pakistan's atomic energy commission. "It pitches India against the whole world. It destabilizes regional security, and India now is in an open race against China, which is unfortunate for Asia."

Mr. Khan, who is also a former chairman of the International Atomic Energy Association, said it would be a "very serious setback the entire nonproliferation regime."

Referring to the Comprehensive Test Ban Treaty, he added, "It will be harder now for President Clinton to get the CTBT ratified by the U.S. Congress."

Mr. Khan was reached in Cannes at an international conference on nuclear energy, where he said the near-unanimous feeling was that the Indian tests "clearly will be a setback for the cause of peaceful nuclear energy around the world."

"The advanced countries will be much less inclined now to help developing countries with nuclear power," he said. "They'll say there's a linkage between nuclear power and nuclear explosions."

## SANCTIONS: Dismayed U.S. Studies Penalties Against India

Continued from Page 1

later this year, will go ahead.

"It's impossible to tell what the impact is on the trip at this point," Mr. McCurry said.

Mr. Clinton is also scheduled to visit China next month. Officials in Washington said they did not believe the United States had any warning of the tests. They appeared likely to affect a range of Clinton administration plans and policies. American analysts used words like "disastrous" to describe the political impact.

Among other implications, they said, the tests were a major, and possibly fatal, blow to administration hopes to gain Senate ratification of the Comprehensive Test Ban Treaty.

"It puts the president on the spot," said Jack Mendelsohn, deputy director of the Arms Control Association. "I'd expect that the U.S. will have to take a pretty strong position and that Congress is going to take a pretty strong position."

The tests were likely, said Paul Leventhal, president of the Nuclear Control Institute, to fuel criticism from those

who argued against the U.S. certification of China for civilian nuclear-energy commerce.

There was no official comment from Beijing on the tests, although the official Xinhua press agency reported them. China has provided assistance to Pakistani missile programs.

Some analysts said the tests appeared to target an audience in Beijing as much as in Islamabad.

Mr. Leventhal noted that Pakistan had just opened a plutonium production reactor at Khushub, its first, with Chinese help.

Some analysts said that a regional arms race, with waves that could shake countries bordering the Asian Subcontinent, seemed far more likely now.

"We know the Pakistanis are going to have to react," Mr. Mendelsohn said, "maybe by stepping up their missile programs, maybe by a test. But if this is only the beginning of a series of tests, at some point, China might be pushed to the wall, and that brings in the Russians, friends of India."

There was no immediate comment on the tests from Moscow.

## BRIEFLY

## Muslim Extremists Protest in Pakistan

FAISALABAD, Pakistan — Shouting slogans against the West, thousands of Muslim extremists tried to force their way past the police here Monday to reach a largely Christian area of a Pakistani city.

Police used tear gas to keep the rioters away from Christian churches and homes in Faisalabad and arrested 50 people.

Crowds of Muslim demonstrators, some carrying automatic weapons, have paralyzed the center of Faisalabad, where a Roman Catholic bishop, John Joseph, was buried Sunday. Bishop Joseph committed suicide last week to protest the death sentence given to a Christian accused of insulting Islam.

Pakistan's minority Christians have used his death to protest religious discrimination and urge changes in a controversial blasphemy law that makes insulting Islam punishable by death.

On Monday, Muslim leaders called for a strike and threatened to bring down the government if it made any concessions to the Christian community. (AP)

## Taiwan War Games

TAIPEI — Taiwan's military began four days of war games Monday to test newly acquired firepower against a possible attack by China.

This year's Hankuang 14 games, an annual event, are focusing on anti-submarine warfare and controlling the skies and seas surrounding the island, military observers said.

The games are being staged on Taiwan's southeast coast facing the Pacific Ocean, which is not considered a likely landing spot for an invasion from China, but the location is seen as less provocative to Beijing than the usual site for the exercises, on Taiwan's western flank facing China. (AP)

## Warrant for Bhutto

KARACHI, Pakistan — Pakistani authorities issued an arrest warrant Monday for former Prime Minister Benazir Bhutto after she failed to appear in court on charges of illegally hiring more than 1,000 people during her two terms in office.

The warrant, issued by a special tribunal in Karachi, ordered Miss Bhutto to appear in court on May 19. Miss Bhutto was on a speaking tour in Canada and the United States, and it was unclear whether the warrant would lead to her arrest when she returns to Pakistan, probably on Thursday.

Legal advisers said, however, that she was unlikely to be arrested unless she missed the court appearance. The court also ordered Miss Bhutto's passport to be confiscated. (AP)

EUROPE

# Vote Encourages Hungarian Right But Socialists Hold Edge in Runoff

**BUDAPEST** — Hungary's right gloated Monday over its strong showing in the first round of a two-stage general election, but political analysts said it was too soon to count the ruling Socialists out.

The Socialists remained Hungary's strongest party, getting 32.25 percent of the vote Sunday.

But their coalition partners, the Free Democrats, plunged below 8 percent from almost 20 percent in the previous election, in 1994, while the center-right Fidesz, or Hungarian Civic Party, soared to second place with 28.2 percent from 7 percent previously.

The second round of voting takes place on May 24.

Istvan Csurka, leader of the far-right Hungarian Justice and Life Party, which got sufficient votes to hold parliamentary seats for the first time, said he would help other rightist parties eject the Socialist-liberal coalition.

Mr. Csurka said on Hungarian television that his party was willing to support Fidesz and the rightist United Historic Smallholders Party "from outside."

The Smallholders were lying third in the percentage tally with almost 14 percent.

"I can say surely that we will support them — from outside the coalition but inside Parliament — in order to replace the present coalition government," Mr. Csurka said.

Both Fidesz and the Smallholders have been at pains in the run-up to the election to say they would not contemplate a coalition with Justice and Life.

Mr. Csurka's party got only 5.5 percent of the vote in the first round, up from 1.4 percent in 1994, but it was enough — more than 5 percent — to enter Parliament.

Analysts were at pains to point out that, under Hungary's complicated system, which combines regional, national and party lists, it was impossible to say whether the Socialists or Fidesz would form the next government.

Tibor Vidos, analyst for GYW Political Consulting, said that the voting system was so complex that even another Socialist-Free Democrat coalition was possible.

"The Socialists received almost exactly the same amount of votes as they received four years ago, so I don't think it's a major disaster for them," he said.

"It's their coalition partners, the Free Democrats,

who received much less than four years ago.

"And I think we should not forget that the current government had an over two-thirds majority in the house, so what this election result certainly rectifies is that we will have a much more balanced showing of the left and right wings in the Parliament," Mr. Vidos said.

The situation was further complicated by low turnout in two eastern counties, Hajdu-Bihar and Szabolcs-Szatmar, where less than 50 percent of registered voters cast their ballots.

The National Electoral Committee ruled that the first round vote in those two regions was incomplete and would have to be rerun simultaneously with the second-round vote on May 24.



Tamas Deutsch, left, a vice president of Fidesz, congratulating the party leader, Viktor Orban, after the vote.

## Nationalism Begins to Divide Macedonia, Too

By Chris Hedges  
New York Times Service

**SKOPJE, Macedonia** — At dawn, under spindly Turkish minarets that rose above cobblestone streets, silver-domed shops and cramped bazaar stalls, several hundred sleepy laborers gathered near a bus stop.

Most of the men, who were waiting in hope that passing trucks might pick them up for \$10-a-day construction jobs, were ethnic Albanians, who make up about 25 percent of Macedonia's 2 million people. As they waited, most only to return home without a job or enough money to buy food, they muttered the usual curses of the poor against the indifference of the state and passed along the latest news of the fighting between Albanian separatists and Serbs in the nearby Serbian province of Kosovo.

"We must also fight for our freedom in Macedonia, just as the Albanians are fighting for their freedom in Kosovo," said Kemal Provollija, 30, who has worked only one day in the last month. "There are no peaceful solutions in the Balkans."

The nationalism that sowed savage wars in Croatia and Bosnia and has set Kosovo alight is spilling with alarming speed into the civil life of this sleepy backwater. Macedonia, one of the most tolerant of the five states carved out of the former Yugoslavia, has been unable to halt the ideological mutations that led to ethnic conflict.

"Macedonia is like Bosnia in the final years before the war," said Mustafa Peza, 44, a ethnic Albanian and political reporter for the state radio.

"The crisis in Bosnia began just like this, with the formation of extreme nationalist parties, the media dividing into ethnic camps and an economic situation that was hopeless and left a huge number of people hungry and out of work."

Macedonia has had a troubled history since its independence seven years ago.

The hostility of its neighbors — especially Serbia, Bulgaria and Greece, which fought the Turks over Macedonia early in this century — led the United Nations to send a peacekeeping force, including a small contingent of U.S. troops, to monitor its borders.

But the state, while incorporating its ethnic Albanian minority into the government, has also sought to bolster its legitimacy by mythologizing Macedonian culture.

The government has asserted, despite dubious historical evidence, that Alexander the Great is the forefather of the modern nation. Macedonia is the sole official language. The state has turned the Macedonian Orthodox Church into an official creed.

The ethnic Albanians, who are mostly Muslims, say they can never be full members of the state. Few senior police

officials are of Albanian descent, even in Albanian villages, and the military is dominated by Macedonians.

Albanians make up the majority of the unemployed in a country where a third of the work force is without jobs.

Along with the militants, an underground ethnic Albanian university in Tetovo, which meets in private homes, is seeking to counter Macedonian chauvinism by teaching ethnic Albanians a chauvinism of their own.

And there are feverish real-estate deals under way in Skopje, the capital, so that increasingly ethnic Albanians live on one side of the Vardar River and the Macedonians on another.

Daily incidents speak of ethnic polarization. Mr. Peza said that when he took his 7-year-old daughter to a Macedonian school in his neighborhood, the students taunted her about her Albanian roots and name. He now drives her across the city so she can attend an Albanian school.

The government, alarmed by the growing separatist movement, which set off three homemade bombs in January without causing casualties or damage, has begun to crack down on the militants.

Last month it sentenced the mayor of Gostivar, Ruzhdi Osman, to seven years in prison for flying the Albanian flag in front of city hall and inciting separatism. The mayor of Tetovo was given two and a

half years in prison for refusing to remove the Albanian flag.

Across the border to the north, the Kosovo Liberation Army, known as the UCK for its acronym in Albanian, is fighting for the predominantly Albanian province's independence from Serbia.

Defense Minister Lazar Kiranoski says he is deeply worried about the "UCK-ization" of young ethnic Albanians in Macedonia.

"Most young Albanians worship the Kosovo Liberation Army," said Ruzhdi Selemeni, 28, an ethnic Albanian militant. "They see it as the vanguard of the Albanian liberation movement. There are Macedonians who have gone to fight in Kosovo."

After the two mayors were sentenced, seven ethnic Albanians in Parliament, nine mayors and scores of local council members resigned in protest three weeks ago. Albanians who have remained in the government, including five members of the cabinet, say they are coming under increasing pressure to withdraw.

"In my district we have 80 percent unemployment," said Mersel Bilalli, a Parliament member who did not resign. "How can I talk about cooperation? Most people believe this poverty is part of a plan by the Macedonian majority to push the Albanians aside."

Ljupco Georgievski, 33, a

Macedonian nationalist who has led marches through the capital with followers waving Macedonian flags, said recently that he saw "no reason for any Albanians to be part of the Macedonian government."

In the 1991 parliamentary elections, his party, the Internal Macedonian Revolutionary Organization — named for a guerrilla organization that fought against the Ottoman Turks — won 39 of 120 parliamentary seats.

The party hopes to oust the government of President Kiro Gligorov, 81, who was nearly killed in an assassination attempt in 1995.

The party boycotted the 1994 vote, charging fraud. But in the parliamentary elections this fall it is expected to improve on its 1991 showing, political analysts say, with its promises that only "loyal" ethnic Albanians can remain in the state.

**SARNO, Italy** — A day after a mass funeral for most of this town's landslide victims, the hardened mud yielded more bodies Monday, raising the death toll in the disaster last week to 135. All but 22 of the bodies were found in Sarno. Other victims were found in nearby towns.

Monday was declared a day of national mourning, with Italian and European Union flags flown at half-staff. Rescuers continued to dig with backhoes and shovels for the missing, by some estimates more than 100 people.

There was grief and anger at funerals Sunday in Sarno. Eighty-three coffins were placed on a soccer field for a group memorial, and separate rites were held for 12 other victims. Residents have accused local authorities of failing to advise them to leave their homes when the mud slides began May 5.

### Toll in Italy Mud Slides Hits 135

**PRAGUE** — Surgeons successfully operated Monday on President Vaclav Havel to close an aperture in his throat made during a tracheotomy last month, officials said.

Meanwhile doctors confirmed that the 61-year-old president should be able to leave the hospital on Wednesday or Thursday. Mr. Havel underwent the tracheotomy on April 24 in Innsbruck, where he was hospitalized for emergency surgery on a perforated intestine. The procedure Monday, which took 45 minutes, was carried out at the Prague military hospital.

### Surgery on Havel Is Successful

**COPENHAGEN** — Several thousand workers left out of a labor settlement last week went on strike Monday in a one-day protest to demand that they, too, be given more time off.

About 1,000 workers of the Lindoe shipyard on Funen Island walked out, as did 320 employees of Radiometer, a manufacturer of electronic measuring equipment. Also on strike were 500 workers on two construction projects, a tunnel and bridge that will link Copenhagen to Malmö, Sweden, and new terminals at Copenhagen's international airport.

To end a crippling, 11-day strike, Parliament ordered last week that the Confederation of Employers provide members of unions affiliated with the Confederation of Trade Unions with two additional days of annual vacation, plus three more personal days per year to those with children under age 14.

### One-Day Walkout in Denmark

**MILAN** — The first day of the murder trial of Maurizio Gucci's former wife and four other defendants was over almost as soon as it began Monday as a lawyers' strike forced a week's adjournment.

Dozens of people showed up in court, hoping to see the fashion scion's former wife, Patrizia Reggiani Martinelli, but she exercised her right not to attend the trial.

Prosecutors contend that she masterminded the 1995 murder of Mr. Gucci, grandson of the founder of the company famed for its luxury leather products. They allege she hired a two-man hit team through a high-society psychic and a hotel doorman after her former husband had her alimony cut by 50 percent.

### Strike Halts Gucci Murder Trial

**THE WORLD'S DAILY NEWSPAPER**

## DO YOU LIVE IN AUSTRIA, CENTRAL OR EASTERN EUROPE?

For a hand-delivered subscription on the day of publication, call (+43) 1 891 36 3830.



## Holbrooke In Belgrade On Kosovo

**BELGRADE** — The U.S. envoy Richard Holbrooke met President Slobodan Milosevic of Yugoslavia on Monday to try to break the diplomatic deadlock over the province of Kosovo as fighting neared Pristina, its capital.

Calling the situation in Kosovo "extremely dangerous," Mr. Holbrooke and a colleague, Robert Gelbard, flew from Tirana to try again to persuade Mr. Milosevic to open talks with Kosovo's ethnic Albanian majority, which seeks independence.

Mr. Milosevic rules that out, while also rejecting foreign mediation. Efforts to start talks have been stalled by his rejection of such mediation and the ethnic Albanians' refusal to negotiate without it.

Economic sanctions, including a freeze of Yugoslavia's assets abroad and a ban on foreign investment in Serbia, have failed to force Mr. Milosevic to change his mind.

The danger, as Western officials continue to note, is that a war in Kosovo could spread across Yugoslavia's borders into Albania and Macedonia.

The ethnic Albanians are a majority in Kosovo, where they make up 90 percent of the 1.8 million population.

Mr. Holbrooke's mission is one of the last chances to avert a full conflict between Serbs and the separatist Kosovo Liberation Army, diplomats said during the weekend.

Separatist attacks forced the police to close Kosovo's main east-west highway only 32 kilometers (7 miles) outside Pristina on Monday after a police convoy was attacked close to the airport.



HERE'S YOUR BED, TV, BAR AND YOUR OFFICE IS OVER THERE.



Sheraton and AT&T have joined forces to make the life of the business traveller a little less tiring and a lot more productive.

That's why our Smart Rooms™ are designed not just as luxurious bedrooms, but as fully functioning offices as well.



You've got a large desk. There's a Printer, Fax and Copier. A full range of business essentials. And of course, large, comfortable beds.

Sheraton is also proud to offer an innovation that makes it easier than ever to stay in the loop when out of the country. The AT&T Direct™ Service Speed Dial Feature. At the touch of a button, you have fast

connections with the clearest sound quality\* on calls back to the U.S. All at reasonable prices, from the comfort of your Smart Room™. Sheraton, so smart you've got no business being anywhere else.

For reservations and information, call toll free 00800-325-353535 or your travel professional.

For on-line reservations, visit [www.sheraton.com](http://www.sheraton.com).

\*Clearest based on 1997 customer preference study.

## INTERNATIONAL

## In Paraguay, Early Returns Show Lead for Ruling Party

The Associated Press

ASUNCION, Paraguay — The candidate from Paraguay's longtime governing party has beaten his rival by a commanding margin in the race for president, according to preliminary election returns Monday.

With votes counted from 4,653 sites — 45 percent of the polling stations — official results gave Raul Cubas of the Colorado Party 404,554 votes in Sunday's presidential vote, or 54 percent of ballots cast.

Domingo Laino of the opposition Democratic Alliance was second with 322,347 votes, or 43 percent, the returns released by the Supreme Tribunal of Electoral Justice showed.

Two minor opposition parties had 1 percent each. Other votes were declared null, the report said.

At stake was Paraguay's first peaceful transition from one civilian president to another since a 35-year dictatorship ended in 1989 with the toppling of Alfredo Stroessner. The next president begins a five-year term Aug. 15, taking over from President Juan Carlos Wasmosy.

Mr. Cubas, 54, did not wait for the official results but celebrated his victory after exit polls were made public Sunday. He was joined by tens of thousands of exuberant Colorado loyalists who paraded for hours in the streets of the capital city, Asuncion.

"We go humbly in our victory," Mr. Cubas declared as fireworks exploded above him.

Sunday marked the third presidential bid for Mr. Laino, 62, who quoted an election official as saying he suspected



Raul Cubas, presidential candidate of Paraguay's governing Colorado Party, with supporters. In front is his running mate, Luis Maria Argana.

fraud in some results faxed in from outlying election districts.

Members of the governing party attacked Mr. Laino's claims of fraud.

"It truly surprises me — it really saddens me — to see this response of the Alliance," said Senator Diogenes Martinez, charging that the opposition wanted only "to gain power under any pretext."

But Carlos Filizzola, Mr. Laino's vice presidential running mate, said the attacks were an attempt to intimidate the two-party opposition coalition.

"We know that once the final count is complete, we will have obtained elec-

toral justice and we will have a resounding victory," he said.

The tensions, which came after a peaceful Sunday at the ballot box, complicated Paraguay's latest moves to strengthen its fledgling nine-year-old democracy.

Overnight, some apparently disgruntled Colorado Party loyalists gathered outside the election office in Asuncion. Scores of riot police arrived to guard the complex, but there were no incidents reported.

Three exit polls Sunday gave Mr. Cubas leads of 4 percentage points to 5 percentage points over Mr. Laino.

## Britain Defends IRA Bombers' Furlough

'Necessary' for Peace, Northern Ireland Secretary Says After Outcry

Reuters

LONDON — Britain's Northern Ireland secretary defended herself Monday against outrage over the release of IRA prisoners to attend a Sinn Fein conference in Dublin, saying it was a necessary part of the peace process.

The Northern Ireland secretary, Mo Mowlam, said she understood the pain that must have been felt by families of the victims of the "Balcombe Street gang" of IRA bombers who made a triumphal appearance at a weekend meeting of the Irish Republican Army's political wing.

"I know it's difficult for people," Ms. Mowlam said in an interview with BBC radio. "I know it's a problem for those who lost people."

"Whether it was as a result of the actions of the Balcombe Street gang or others, it's a very, very tough time for them."

But, she added, "I think it was a necessary step to take to convince people of the value and importance of the agreement."

The peace agreement, concluded April 10, will be put to voters in referendums on May 11 in Northern Ireland and the Irish Republic.

The Balcombe Street gang, whose four members are serving multiple life sentences for at least 50 bombings and 16 murders in Britain in the 1970s, were pictured with fists raised in

triumph on the front pages of British newspapers, alongside the leadership of Sinn Fein.

Captured after a six-day siege in Balcombe Street in central London, in 1975, the four members of the IRA were transferred this month from prison in Britain to serve the remainder of their sentences in the Irish Republic as part of efforts to boost the peace process.

They were let out for 36 hours to attend the Sinn Fein conference, at which delegates approved the peace agreement by a large majority.

Ms. Mowlam said the attitudes of prisoners were vital to the peace process. "Prisoners are an important part of that overall agreement," she said.

The reaction was muted among officials of the Protestant, pro-British Ulster Unionist Party. The party leader, David Trimble, called the release "insensitive."

Some British newspapers and politicians were harsh in their criticism. The Daily Mail declared the release to be a "triumph for terrorists."

Andrew Hunter, an opposition Conservative Party

member of Parliament, condemned the release as "vile."

But there was acceptance from others that the government was doing what was needed to push peace efforts forward and secure a "yes" vote in the May 22 referendums.

Colin Parry, whose 12-year-old son was killed by an IRA bomb in Warrington, England, in 1993, told The Times newspaper: "I've come to accept that all sides must take part in the peace process, and like it or not, some of them are serving time."

### BRIEFLY

#### Israeli Arab Has Spent 8 Years in Jail as Spy

JERUSALEM — Israeli authorities revealed Monday that they have been holding an Arab Israeli for eight years on charges of spying for Iraq.

The supreme court authorized release of information concerning the case of Munir Fathi Said in a ruling that overturned a lower court decision to release the prisoner from the remainder of his 13-year jail term.

Mr. Said was convicted in 1990 of espionage by a court in the northern city of Nazareth and was sentenced to 13 years in prison, according to a statement released by the supreme court. (AFP)

#### Blair Defends Shipment Of Arms to Sierra Leone

LONDON — Prime Minister Tony Blair intervened Monday in the uproar over British arms exports to Sierra Leone, stressing that Britain had acted "to help the democratic regime restore its position."

"Of course, it is the case that nobody should be involved deliberately in breaking a UN arms embargo," he told journalists. "Don't let us forget that what was happening was that the UN and the U.K. were both trying to help the democratic regime restore its position from an illegal military coup. They were quite right to do it."

Investigators are trying to establish whether a British security firm, Sandline International, illegally supplied arms in February to the elected president of Sierra Leone, ousted in a military coup in May 1997, and if this operation was approved by the British government. (AFP)

#### Swiss Maintain Block On Assets of Mobutu

BERN — Assets belonging to Mobutu Sese Seko, the late dictator of the former Zaire, will remain blocked beyond a May 17 deadline while Swiss authorities await more information from the renamed Demo-

cratic Republic of the Congo, the Swiss Federal Police Authority said Monday.

Switzerland has so far frozen a total of 5.8 million Swiss francs (\$3.9 million) in accounts belonging to Marshal Mobutu in Geneva banks.

The freeze was applied last summer in response to a demand from the Democratic Republic of the Congo, the government that took power after the Mobutu administration was toppled. Marshal Mobutu died in September. (Reuters)

#### Canadians Visit Indians As Italians Quit Mexico

SAN CRISTOBAL DE LAS CASAS, Mexico — As five Canadian lawmakers wrapped up a probe into the treatment of poor Indians in southern Mexico, Italian observers conducting a similar investigation were leaving after the government ordered them out.

Welcomed by the Mexican government, the Canadian Parliament members visited a remote rebel township Sunday. Meanwhile, 70 members of the Caravan of Italian Observers flew out of Mexico City on Saturday after the government ordered them to leave. (AP)

#### Man Is Held in Toronto For Hijacking Attempt

TORONTO — A Toronto man was charged here Monday with the attempted hijacking of a Portuguese airliner.

Police said Elgin Barrett, 27, was arrested late Sunday in the cockpit of an Air Luxor (formerly Air Portugal) L1011 a few minutes after charging past an airport security check and barging his way through passengers who were boarding the flight to Lisbon.

Police Sergeant John Sutherland said Mr. Barrett ramp down the passenger ramp, yelling: "This is a hijacking. I have a bomb. Get down." He demanded to be flown to Chicago.

A search of the plane revealed no bomb or weapons, and the flight with 256 passengers was allowed to leave. (AFP)

## Ronald Ridenhour Is Dead at 52; Veteran Exposed My Lai Massacre

By John H. Cushman Jr.  
New York Times Service

NEW YORK — Ronald Ridenhour, 52, the Vietnam veteran who in 1969 first disclosed the My Lai massacre of Vietnamese civilians by U.S. Army troops, died Sunday of a heart attack in Metairie, Louisiana.

Mr. Ridenhour was horrified by the stories he heard from comrades who had been at My Lai, where on March 16, 1968, a company of the 23d Infantry Division killed between 175 and 400 civilians and committed other atrocities.

Mr. Ridenhour, who first heard about the massacre from other soldiers about a month after it happened, investigated it on his own. Home from his tour as a helicopter gunner in Vietnam, he wrote a 1,500-word letter to President Richard Nixon, Defense Secretary Melvin Laird and members of Congress.

The letters, delivered a year after the killing, sparked an army investigation that led to indictments, the public disclosure of the massacre, and eventually the conviction of Lieutenant William Calley Jr., whose platoon had done much of the killing.

The massacre, charges that it had been covered up, and the conviction of Lieutenant Calley but no one else became a divisive controversy that badly hurt the army's reputation and affected the public's view of the war. Mr. Ridenhour remained bitter and disillusioned, considering it a whitewash.

In an article published in The New York Times in 1973, Mr. Ridenhour said that he had written the letters disclosing the massacre hoping that "it would show the American people and their government that the policies of force abroad and deception at home were not only antithetical to the principles of a democratic society but low, mean, stupid, brutal and self-destructive as well."

"The question most often put to me was not why they had done it, but why I had done it," he wrote. "In a word, justice. It was a simple appeal to justice. I was younger and more foolish then."

In 1988, Mr. Ridenhour won a Pulitzer Award for journalism for a yearlong investigation of a New Orleans tax scandal published in City Business, a biweekly newspaper there.

Jose Pena Gomez, 61, Politician  
The Associated Press

SANTO DOMINGO, Dominican Republic — Jose Francisco Pena Gomez, 61, an advocate for the poor whose oratory incited an uprising that led to a U.S. invasion of the Dominican Republic, died Sunday of cancer. Once a popular mayor of Santo Domingo, Mr. Pena Gomez died just six days before



Ronald Ridenhour, a soldier turned journalist, walking on a street in Saigon, now Ho Chi Minh City, in 1971.

another bid for the post, but he never fulfilled his dream of becoming president of the Dominican Republic, having made three unsuccessful runs, most recently in 1996.

He was a supporter of Juan Bosch, the leader of the leftist Dominican Revolutionary Party. Mr. Bosch won 1962 elections but was ousted in an army coup. A powerful orator, Mr. Pena Gomez made his name in 1965 by going on radio and inciting a popular uprising to demand Mr. Bosch's restoration. Leftists in the army revolted, and President Lyndon B. Johnson sent 23,000 Marines to prevent a Cuban-style revolution from erupting. With U.S. backing, a conservative former president, Joaquín Balaguer, was elected in 1966.

John Peter, 81, the art director whose poster of a blue rooster with fluttering Allied flags atop the message "Le Jour Se Leve" cheered war-weary Parisians after the Liberation in 1944, died May 1 in Philadelphia of heart failure. Mr. Peter spent six decades in communications. He served as art director and editor for magazines including Life, Look and McCall's.

Marjorie Lansing, 82, a political scientist and sometime politician whose scholarly denunciation of a gender gap in American voting patterns helped change the shape of political campaigns and spurred women into politics in the 1980s, died May 1 in Ann Arbor, Michigan, of cancer.

**BREITLING**  
1884

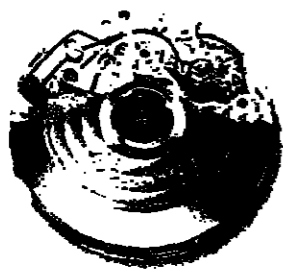
## CHRONOMAT FOR EVER

### Success Story

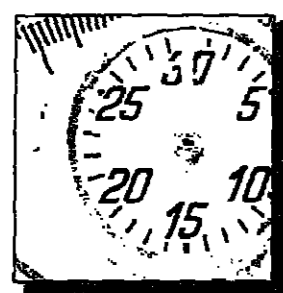
An instrument formerly reserved for a select circle of devotees, the mechanical chronograph has become THE watch worn by all those able to appreciate its technical nature and authenticity.

The CHRONOMAT was the forerunner of this passion for the automatic chronograph — which BREITLING itself invented in 1969.

Consistent improvements have been made to each detail of its face and case,



and the powerful driving force, BREITLING Caliber 13, has now been refined and fine-tuned to perfect its already excellent performance in the most demanding conditions of use. BREITLING lavishes individual, manual adjustments on each key component of all its mechanical chronographs.



GT stands for Grand Totalizers and their excellent legibility.



CHRONOMAT GT  
MECHANICAL CHRONOGRAPH

Selfwinding, with 42-hour power reserve. Water-resistant to 100 meters. Steel, two-tone, steel/gold, 18K yellow or white gold case. Wide choice of dials. Available on all types of BREITLING leather straps, or on PILOT or ROULEAUX bracelets.

### High-tech with style

Throughout the century, BREITLING has invented many original functions specifically designed for chronographs, including the second pushpiece, analog and digital 10-minute counters, the slide-rule with logarithmic scale, and more recently the EMERGENCY, the first wrist instrument equipped with a micro-transmitter. Nevertheless, it is above all distinctive styling and a wealth of details which make a BREITLING



instantly recognizable, such as the auxiliary UTC module fitted between the lower part of the case and strap: an unmistakable trademark feature.



### The race goes on

9 days, 17 hours and 55 minutes: In the course of its attempted non-stop round-the-world flight, the crew of the BREITLING ORBITER 2 has set the absolute duration record for a manned flight without refuelling. It's a date for next winter!

BREITLING SA  
P.O. Box 1132

SWITZERLAND - 2540 GRENCHEN

Tel.: 41 32 / 654 54 54 - Fax: 41 32 / 654 54 00

www.breitling.com

INSTRUMENTS FOR PROFESSIONALS™

سوكرا من الامل

[Europe's largest Job Market for professionals, specialists and executives.]

# Invade Germany

The Saturday issues of Frankfurter Allgemeine Zeitung are full of good arguments to change places: No other European newspaper carries anywhere near as many offers for top executives, specialists and professionals. Over 60,000 highly qualified positions are advertised every year, covering a range of 800 occupations. You find F.A.Z. in good newsstands and bookstores all over Europe. Or dial + 49 69 7591-1637 and we will send you the next Saturday issue free of charge. For advertising contact + 49 69 7591-1333.



## OPINION/LETTERS

Heed China's Oppressed  
On Dealing With Beijing

By Anthony Lewis

BOSTON — With President Bill Clinton going to China next month, attention is focusing again on the question of how the United States should try to improve the human rights situation there. I raised the question in an interview with the Dalai Lama, who for 40 years has been a pre-eminent symbol of resistance to oppression by the Chinese Communist government.

"China should not be isolated," the Dalai Lama said. "It must be brought into the mainstream of international life. Now the next question: How?"

He laughed heartily at his own question. Then he continued, emphatically:

"Confrontation or condemnation: I don't think it works. The only practical way is to be a genuine friend. Within that framework, the American stand on issues like human rights, democracy, liberty and Tibet should be made very clear to them."

"So I feel the American administration's current policy of engaging the Chinese and establishing friendly relations is right."

When Mr. Clinton came to office in 1993, he first adopted a policy of pressure on the Chinese government to end its violations of human rights. But then he decided that that approach was ineffective and changed it to a

policy of "engagement." In recent months, Beijing has released and sent to the United States its two best-known political prisoners, Wei Jingsheng and Wang Dan.

The Dalai Lama, who was visiting Brandeis University in Massachusetts, took a similar view of his own relations with Beijing. "At this moment," he said, "meaningful dialogue with the Chinese government is crucial."

Attempts to open a dialogue between the Dalai Lama and Beijing were broken off in 1993. The Chinese government has treated his current effort in that direction disdainfully, suggesting that his talk of autonomy for Tibet is a sham. He said the United States, "knowing my view, can help dispel the suspicions of the Chinese."

"Inside Tibet things are really bad," he said. "There are human rights violations, damage to the environment, degeneration of spirituality. Talks with the Chinese government are the real hope to solve these problems."

He said he was "very optimistic" about the trend of conditions in China. "It is comparatively more open," he said. "Now some critical articles about government policy regarding Tibet are appearing. They may not be in big-circulation



journals, but they are there. These are very, very positive factors."

The Dalai Lama made it clear that his support of a friendly U.S. approach did not mean silence on human rights issues.

"If you are only concerned about the economic side," he said, "that would be a terrible mistake. President Clinton should not go there and just forget about the issues of human rights, freedom and Tibet."

A strikingly similar view was taken by Wang Dan, who spoke at Harvard University soon after his release from prison last month. He said he thought improved U.S.-Chinese relations "will help economic and political reform in China." But he

added that the United States must keep emphasizing its "moral standards."

Wang Dan was a leader of the democracy movement crushed in Tiananmen Square in 1989. Mr. Clinton has agreed, at the Chinese government's request, to visit Tiananmen Square next month. That seems a craven concession, a violation of the principle that America should hold fast to its ideals.

But it is equally true, I think, that America should avoid gestures likely to do more harm than good. An example is the proposed Freedom from Religious Persecution Act, which the House takes up this week.

Designed to please the Christian right, it would largely du-

plicate existing human rights laws, except for a shameful provision making it easier for those claiming religious persecution to win asylum in the United States than for those tortured or threatened with death because they want political freedom.

I have always believed that Americans committed to human rights should follow the advice of the oppressed in any country, as in the Soviet Union and the old South Africa. In the past I favored sanctions on China. Now there are signs of change: more freedom of movement, local elections, some lawsuits against authority. I think it is best to follow the advice of Wang Dan and the Dalai Lama.

The New York Times.

Could It Be That the Brits  
Are Yanking His Chain?

By T.R. Reid

LONDON — I'm sure the agony suits in the newspapers here would call me a daft whinger for saying this, but I only took a fortnight in England to leave me completely knackered. And it's all the fault of the editors of The Washington Post.

Of course I was dead chuffed when they assigned me to be that newspaper's new London corre-

## MEANWHILE

spondent. But I was nobbled by one worry. Before I leave for England, I told them, I'd better get some language training.

Ha, the brass replied, steering me toward the airport. We've heard that joke before.

Joke? It's no joke. I've had so many maff verbal prangs in the past couple of weeks that I sometimes feel I'll have to become a total anorak before I can suss the strange and wonderful language spoken here.

Some things about England's version of English were fairly easy to learn. Once you figure out that "gael" is pronounced "jail," that "Towcester" sounds like "toaster," that "clerk" is pronounced "clark" and that "St. John" is "sinjin," you can almost read the language out loud without sounding hapless.

It's not all that difficult to figure out that a plaster is a bandage strip, a biscuit is a cookie and a jumper is a sweater. Or that the pound key on a telephone is the hash key. Some Englishisms seem much better to me than their American counterparts. "She's ex-directory" is both simpler and snappier than "She has an unlisted number."

I'm not even sure that Americans have a noun to describe an Ann Landers-type columnist. They ought to adopt the British term: agony aunt. It's certainly livelier than "advice columnist," or whatever an American newspaper might use. (I still think the Japanese have trumped us both with their *jinsei sodan*, or "human life consultant.")

In some areas of discourse, England's English is more direct. That stuff we pour in coffee under the label half-and-half is known here, bluntly, as half-fat. A worker who gets axed in a corporate downsizing is not unemployed, or

even laid off. He's made redundant.

On the other hand, many of the unfamiliar words I have encountered here are draped in layers of nuance. When I first came upon the mysterious adjective "twice," for example, I turned to my friend Mary Ann Sieghart, who writes editorials (sorry, leaders) for The Times of London. Over beer and potato chips (crisps), she gave me a virtual dissertation on twice-ness. "Now, twice comes from sweet," she began, "but it actually means a bit too sweet. Twice means the white picket fence around the Tudor house, and then when you go inside it's the pink floral tablecloth for high tea, plus the dried flowers in wicker baskets, plus the scented candles. That whole scene is twice. It's charming, don't you see, but too charming."

Sometimes, though, such requests for help turn pear-shaped (unsuccessfully). Reading the newspaper one day on the London subway (make that tube), I found a leader that accused Prime Minister Tony Blair of "bunking off geography." I turned to the bloke next to me and asked what "bunking off" might mean.

"Bunkin'?" the fellow said. "Bunkin' off? Well, sure, mate, bunking off, it's just about the same thing as skiving, innit?"

Except for the occasional social blunder my struggles with the native tongue have been harmless and entertaining. But the other day, it cost me money. I stopped in at the local turf accountant — a bookie — to place a bet on the Derby (rhymes with Barbie). I picked a horse, filled in the turf slip and laid £5 on the counter. To my delight, my horse came romping home at 7-1 odds.

Instead of the £35 (\$60) windfall I had every right to expect, my winnings barely exceeded £8. When I complained, the clerk explained: "Your chit was an each-way, mate. A four-way punt. Quarters your quid."

"But, but, I don't understand why..." I spluttered before he cut me off. "Don't go whinging about like some yobbish wally," he said. "Don't you sodding Yanks know English?"

The writer is London bureau chief for The Washington Post.

## LETTERS TO THE EDITOR

## Shifting Monetary Sands

Regarding "Solomonic Decision on Central Bank" (May 9):

Reginald Dale is right; it makes little difference whether the Dutch banker Wim Duisenberg or the French banker Jean-Claude Trichet is president of the new European Central Bank. Both are think-alike clones of the German banker Hans Tietmeyer and have amply demonstrated their "independence" by slavishly following every twist and turn of Bundesbank policy. It is disheartening to think that, for the next 12 years, these men will continue to impose on Europe their Faustian bargain: low inflation in return for slow growth, wretched profits, high bankruptcies, and

record unemployment. To paraphrase Queen Boudicca: They have made a desert, and they call it stability.

JOHN RAY,

Fontenay-Trésigny, France.

## Something Rotten in the EU

Regarding "Bundesbank Aide Derides 'Lazy Deal'" (May 5):

"Foul" has a double meaning in German; it can be "lazy" or it can be "foul, rotten," depending on the context. The heads of state, after having worked through most of the night, were hardly "lazy," but they certainly produced a "rotten" result.

HORST STRUCKMEYER,  
Vienna.

## Dub, Dub, Dubonnet

Regarding "Behind the Big Screen" (Opinion, April 30):

One of my fondest memories of being a 9-year-old in Paris in the early 1950s involved being taken to a movie studio and being paid the, for me, astronomical sum of \$10 a day (my weekly allowance was a quarter, and Hershey bars cost a nickel) to dub Italian and French movies into English. Usually I was a newsboy shouting, "Extra! Extra! The prisoner has escaped (or been captured)!" as screaming headlines of Italian or French newspapers flashed by.

Sometimes, when watching the "Late, Late Show" in America I hear my falsetto voice coming back to me.

Dubbing and subtitled are an art, and we boys never understood the appeal of American films that had been rendered into French. I recall a Western of the era in which a cowboy swaggered up to the bar in a saloon and demanded, "Gimme a shot of redeye." The French subtitle was, "Donnez-moi un Dubonnet, s'il vous plait."

JAMES S. DICKEY,  
Paris.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## BOOKS

THE HACIENDA  
A Memoir

By Lisa St. Aubin de Teran. 342 pages.  
\$23.95. Little Brown.

Reviewed by Carolyn See

THE author of this beautiful memoir grew up in London, a girl who—in post-'60s whimsy—liked to affect Edwardian fancy dress, swirling skirts, hats with feathers. Her English mother had been married four times; her South American father showed up periodically to take her on trips. She was only 16, studying for university entrance exams, when she met a handsome Venezuelan in the company of two loyal sidekicks.

The three were persona non grata in their homeland, handsome young men on the run. One of them, Jaime, last seen of the Teran family, asked her to marry him, again and again and again.

When she was 17 she broke down and did it, and her minimalist prose style is so elliptical that the reader is left to guess why.

Was it because her often-absent father hailed from South America, and that made Venezuela glamorous? Or that she needed a detour from her ordinary life as an English girl? Or was it because of Jaime's tales of where he'd come from—a fairy-tale hacienda in the Andes where his family ruled over hundreds of peasants as absolute gods, and as far as the eye could see in any direction the land belonged to the Teran family?

Or, since Jaime and his sidekicks painted lurid tales of the spectacularly eccentric Teran family, who had been intermarrying since the first one of them had come over to the New World on Christopher Columbus's second voyage, did she sense that she'd be tried by fire in this world he would be taking her to, that she would be forced by events to invent herself as an entirely different person?

After a couple of carefree years wandering around Europe, Lisa is taken to Venezuela by her husband after the government suddenly decided to pardon him. Fantasy suddenly becomes reality. They land in Caracas and make the 10-hour trip to Velera, a rough town where she is mercilessly sized up by hundreds of Teran relatives—who make mean fun of her clothes, insulting her vividly and continuously, unaware that she speaks Spanish.

Then her husband, who was barely speaking to her by then, drives her out to the hacienda. Like a Joseph Conrad novel, the huge house has been taken over by a business, and the couple are forced to live in a dirt-floor shack next to a sugar-cane processor. The gente, the hundreds of peasants who live in conditions of unimaginable squalor, view her with instant distrust and hostility. She's only 19!

Her husband disappears, leaving her alone in the jungle. There is no furniture in the shack, no supplies. For several weeks she does not have enough to eat. She is paralyzed by fear. But by the time

she leaves the hacienda seven years later, she will have earned the trust of the gente, learned to manage the financial dealings of the hacienda, mastered the arts of breeding beagles and grafting avocados. She will have had a child and saved her from several life-threatening illnesses. She will have made unexpected friends, kept herself free from the calumny of unfeling relatives and taught herself to be a writer.

This narrative is, besides many other wonderful things, a treatise on what it was like to be born a woman just before modern feminism kicked in.

Thirty years ago, if men wanted to have an adventure, they went exploring or went to war or built big bridges or caught big fish or invented the atom bomb.

Women got married. If they wanted a safe life, they married a safe man. If they

wanted adventure, they might marry a man from Venezuela or a man who was full-on crazy. How you stood up under these things tested your mettle. The world might limit a good woman to "marriage," but that abstraction could be twisted and pulled and shaped.

It would be easy for the author to write some kind of exposé about the oppression of women or the injustice of the South American social system or the ghastliness of underclass poverty.

Lisa St. Aubin de Teran does nothing of the kind. She changed from a shy girl into a strong woman from these experiences; she pays them powerful respect, and offers a distinctive and elegant lesson to the reader.

Carolyn See reviews books regularly for The Washington Post.

## CHESS

By Robert Byrne

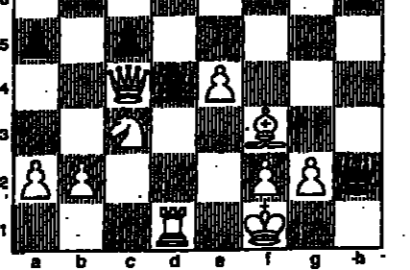
THE grandmasters Vladimir Kramnik of Russia and Alexei Shirov of Spain tied for first place in the Seventh Melody Amber Tournament in Monaco. Each scored 15-7 in the 12-entrant, double-round robin tournament organized by the Dutch patron Joop van Oosterom.

Kramnik is proficient in sharp tactical situations, as he demonstrated in his first-round battle with the Dutch grandmaster Loek van Wely.

The Semi-Slav Defense, with pawns at e6 and c6, is popular currently and is a particular favorite of Kramnik, so it would not have surprised Van Wely. The Stoltz variation with 6 Qc2 reduces the immediate value of 6...d5 because 7 Bc4 accelerates White's development and the d1 square is cleared for a white rook. But Black is in no hurry.

When Kramnik had Black again in the eighth round against Anatoli Karpov, he did not play 9...b5 at once, but diverged with 9...a6 10 Rd1 b5 11 Be2 Qe7 12 e4 c5 13 g3; after 13...Re8 14 a3 Bb7 15 de1? Ne5 16 Bg5, White had a slight advantage.

The main follow-up to Black's yield-



Position after 29 Qc4

SLAV DEFENSE			
White	Black	White	Black
V. Wely	Kramnik	V. Wely	Kramnik
1 d4	Nf6	16 Kx1	Qe7
2 e4	c5	17 Be2	Se5
3 Nf3	g5	18 Bf3	c5
4 Ne3	c6	19 Re1	Rfe8
5 e3	Nbd7	20 Kg1	Rd8
6 Qc2	Bg6	21 Bg5	h5
7 Be2	0-0	22 Bf1	Qf6
8 0-0	dc	23 Rde1	Qf4
9 Bc4	b5	24 Rd8	Rd8
10 Bb3	Bb7	25 Rd1	Qd2
11 Rd1	af	26 Kf1	Bd4
12 e4	c5	27 Qb3	Rb8
13 de	Ne5	28 Qa4	a5
14 Ne5	Be5	29 Qc4	Bd5
15 Bb5	Bh2	30 Resigns	

ing his strong point in the center with 8...dc 9 Bc4 is to counter in the center with 12...e5 or, in some cases, with 12...c5.

After 14...Be5, Van Wely should not have ventured the challenging yet dangerous 15 Bb5?! when he could have played solidly with 15 g3 or 15 h3. He must have seen 15...Bh2! and that his king position would be exposed. Why didn't he care about that?

If 16 Kx2?!, then 16...Qe7 17 g3 cb threatens both 18...b4 and 18...Be4. On 16...Qe7, taking a pawn with 17 Bx7? would bring thunder and lightning down on the white king: 17...Ng4! 18 Bb7 Qb4! 19 Bx3 Bx4 20 Kg1 Bx3 21 fe Qh2 22 Kf1 Ne3 23 Kf2 Ne2 is decisive.

So Van Wely backed off with 17 Be2, but his king was still frail after 17...Be5.

After 28...a5, the correct defense to the threat of 29...Ba6 was 29 Qa5. True, Black can win a pawn by 29...Ra8 30 Qb6 Ba6 31 Ke1 Qg1 32 Kd2 Qf2 33 Ke1 Bc3 34 bc Qa2, but White can still put up a fight with 35 e5!.

Instead, Van Wely erred with 29 Qc4? and was annihilated by 29...Bd5! The point was to confine the white king to the back rank after 30 ed Rb2 so that 31 Ne2 Qh1, brings about mate after 32 Ng1 Rf2 33 Ke1 Qg1 34 Qf1. Van Wely gave up.

DO YOU LIVE IN  
FRANCE?

• Subscribe and SAVE up to 60% off the cover price.

• Also available: PAY MONTHLY by easy, low cost, direct debit.

## EARLY MORNING DELIVERY TO YOUR HOME OR OFFICE.

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In and around most of Paris and Lyon the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday. And, because it is printed in Paris, Toulouse and Marseille, it can be sent by post to arrive on the same day in most of France at no extra cost.

The result?

Unique coverage of the world you live in, brought to you as it changes — daily.

For more information about easy ordering and availability of hand delivery

CALL our Subscriber Customer Service Department:

TOLL FREE 00800 4 448 7827 (00800 4 IHT SUBS)

or Fax: 01 41 43 92 10

E-mail: subs@iht.com — Internet: http://www.iht.com

☐ YES, I'd like to subscribe and have my bank-account debited monthly by FF162. Please start my subscription and send me a bank form to arrange my payment.

☐ YES, I'd like to subscribe and pay for the following term:

☐ 12 months (+ 2 months free): FF1,950

(Savings off cover price: 46%)

☐ Special, 2-month trial subscription: FF210

(Savings off cover price: 60%)

☐ My check is enclosed (payable to the IHT)

☐ Please charge my:

☐ Access ☐ Amex ☐ Diners

☐ Eurocard ☐ MasterCard ☐ Visa

Credit card charges will be made in French Francs at current exchange rates.

Card N°: \_\_\_\_\_ Exp: \_\_\_\_\_

Signature: \_\_\_\_\_

☐ Please start delivery and send invoice.

Family Name: \_\_\_\_\_  
First Name: \_\_\_\_\_  
Job Title: \_\_\_\_\_  
Mailing Address: ☐ Home ☐ Business

City: \_\_\_\_\_  
Postal Code: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Your VAT N° (Business orders only)

(IHT VAT N° 747 320 211 28)  
I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other  
☐ I do not wish to receive information from other carefully screened companies. 12-5-98

This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.

Return your completed coupon to:  
Subscriptions Director, International Herald Tribune,  
181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex.  
Fax: 01 41 43 92 10 E-Mail: subs@iht.com FR14

## READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

EUROPE, MIDDLE EAST & AFRICA

Tel: +33 1 41 43 93 61

Fax: +33 1 41 43 92 10

THE AMERICAS

Tel: (USA toll free) 1-800-882-2884

Fax: +1 212 755 8785

ASIA

Tel: +852 29 22 11 71

Fax: +852 29 22 11 99

## INTERNATIONAL

## Clinton Tries Again on Mideast

President Directs Albright to Explore New Path With Israeli Leader

By Barry Schweid  
The Associated Press

WASHINGTON — Expressing regret over the collapse of plans for a Middle East peace summit meeting, President Bill Clinton directed Secretary of State Madeleine Albright on Monday to meet with Prime Minister Benjamin Netanyahu of Israel in Washington this week to explore the next moves.

Mr. Clinton said the objective of the talks would be "to seek to overcome the remaining differences so that we can proceed immediately with accelerated, permanent status talks."

Mr. Netanyahu rejected U.S. terms for a peace conference beginning Monday, but will be in the United States this week on a speech-making trip.

Mr. Clinton said Mrs. Albright will report to him, after talking with Mr. Netanyahu, on whether there is any basis for a peace conference in Washington.

Mr. Clinton expressed disappointment

when he announced there would not be a meeting Monday with Mr. Netanyahu and Yasser Arafat, the Palestinian leader, to initiate the permanent status talks.

Mr. Clinton said, "I regret that." Mr. Netanyahu is to leave Israel on Wednesday for a five-day trip to the United States, and has prepared a media blitz, including interviews with major U.S. television networks.

Mr. Clinton issued his instructions to Mrs. Albright after a meeting with the secretary, the Middle East special envoy, Dennis Ross, and the national security adviser, Sandy Berger. Mr. Ross reported on his unsuccessful efforts to persuade Mr. Netanyahu to attend the planned meeting on Monday.

Mrs. Albright will make her own case to Mr. Netanyahu when they meet later this week.

Mr. Netanyahu refused to accept the U.S. call for a 13 percent pullback in any of the several variations suggested by Mr.

Ross in intensive talks with the prime minister in Jerusalem. Mr. Arafat was willing to settle for 13 percent on top of the 27 percent already relinquished by Israel, hoping later to gain virtually all of the West Bank for establishment of a state.

Jerusalem, however, may be given more time to consider a peace conference.

The Israeli ambassador to France, Avi Pazner, told French radio that May 22 was being considered as a possible new deadline for an agreement. The New York Times reported Monday from Jerusalem that the administration had given Mr. Netanyahu a two-week extension to reconsider his stance.

Mr. Netanyahu, meanwhile, will spend several days in the United States this week to meet with Jewish leaders.

"At the end of the day, in matters of security, it is Israel that must decide, and I think this is the view shared by, frankly, the people of America and I would like to believe also the government of the United States," Mr. Netanyahu said Monday at an international conference of mayors in Jerusalem.

In a possible compromise, Israel would hand over 9 percent of the land now, and the remaining 4 percent would be held "in escrow" by the United States, said a senior Israeli official who spoke on condition of anonymity.

If Israel rejects a compromise, the options for ending the 14-month deadlock between Israel and the Palestinian Authority are unclear.

## Clinton Is Standing Tough

Serge Schmemmann of The New York Times reported earlier from Jerusalem:

Indications were that Mr. Netanyahu was running out of maneuvering room and that Mr. Clinton intended to compel him by the end of the month to make the difficult choice between agreeing to a substantive withdrawal from the West Bank and resuming negotiations, or rejecting the American plan and forcing a crisis with the Americans and the Palestinians.

"We are sticking by the points we laid out," said an American official close to the negotiations. "We agreed to a reprieve to make it absolutely clear we're doing everything we can."

Mr. Netanyahu was certain to use the time he gained to intensify his campaign against Mr. Clinton. On his five-day visit to the United States, he will make the rounds of his supporters in Congress and among American Jews and will give several interviews. The main event on his schedule is a conference of the American Israel Public Affairs Committee, the potent pro-Israel lobby, where he is certain of a rousing chorus of indignation over the administration's pressure.

While Dennis Ross, Mr. Clinton's special envoy to the Middle East, was in Israel over the past week, Mr. Netanyahu laid the groundwork for the attacks on the Clinton administration. His communications director, David Bar-Ilan, spread the word that the prime minister and his government were mightily displeased with Mr. Clinton for leaning on them, and especially with Mr. Clinton's wife, Hillary Rodham Clinton, for saying in an interview with Arab and Israeli teenagers that she favors the creation of a Palestinian state.

Immediate indications were that Mr. Clinton and Mrs. Albright intend to stand firm this time. The president has already withstood the first onslaught of lobbying on Israel's behalf, including a letter signed by 81 senators and another from the speaker of the House, Newt Gingrich, urging him not to pressure Israel.

## Israel Admits Pollard Was Espionage Agent

The Associated Press

JERUSALEM — After more than a decade of denials, Israel admitted Monday that the convicted spy Jonathan Pollard had worked as an Israeli agent, a spokesman for the prime minister said.

"The state announces that Jonathan Pollard acted as an Israeli agent," said the statement, signed by Prime Minister Benjamin Netanyahu's spokesman, Shai Bazzak.

Mr. Pollard, a former U.S. naval analyst, is serving a life sentence in a North Carolina prison for passing classified military documents to Israel. Despite repeated pleas on his behalf, Israel had always maintained that Mr. Pollard acted alone.

## SUHARTO: Loud Calls for Resignation

Continued from Page 1

of their campuses, resulting in rock-throwing confrontations with riot police.

Mr. Rais urged students to continue their demonstrations because people, he said, have pinned their hopes on them. But he also said the students should not allow themselves to be provoked by security forces into committing violence. He said the "moment of truth" would come if the armed forces switched its allegiance from Mr. Suharto to the student movement.

"Now they look hesitant, but if the situation gathers momentum and demonstrations grow more decisive, I think in that moment of history the armed forces will side with the people and say good-bye to Suharto," he said.

## More Student Protests Planned

University campuses were largely quiet Monday as Indonesia celebrated a holiday, but protests were planned Tuesday in Jakarta and in the city of Bandung, the scene of previous clashes with police, news agencies reported from Jakarta.

Student protests have been continuous for three months but grew violent last week as they started leaving the confines

of their campuses, resulting in rock-throwing confrontations with riot police.

Mr. Rais urged students to continue their demonstrations because people, he said, have pinned their hopes on them. But he also said the students should not allow themselves to be provoked by security forces into committing violence. He said the "moment of truth" would come if the armed forces switched its allegiance from Mr. Suharto to the student movement.

"Now they look hesitant, but if the situation gathers momentum and demonstrations grow more decisive, I think in that moment of history the armed forces will side with the people and say good-bye to Suharto," he said.

## More Student Protests Planned

University campuses were largely quiet Monday as Indonesia celebrated a holiday, but protests were planned Tuesday in Jakarta and in the city of Bandung, the scene of previous clashes with police, news agencies reported from Jakarta.

Student protests have been continuous for three months but grew violent last week as they started leaving the confines



Berlin children watching as an American transport plane brought supplies to the city during the 1948-49 airlift.

## AIRLIFT: Berlin Remembers

Continued from Page 1

territory and to starve the West Berliners into capitulation.

The U.S. government, fearful of igniting war, balked at dispatching armed convoys to reopen the routes. So the U.S. military commander for Berlin, General Lucius Clay, decided the only option to a Communist takeover or the starvation of 2 million Berliners was to fly in food and other vital supplies.

"Clay called me and asked if I could start an airlift," recalled Captain Jack Bennett, who returned to Berlin to celebrate the 50th anniversary of what he calls his most fateful decision. "At first, I told him no way, because I thought it was too dangerous to do low-level flying at night over hostile territory. Clay said we could make history, but I told him I didn't want to make history because I was young and wanted to stay alive."

Captain Bennett went on to fly 60 missions, more than any other pilot, in what he and his fellow airmen called Operation Vittles.

Years later, after East German authorities built a wall to divide Berlin and Pan American World Airways began making regular civilian flights to the city through special air corridors, Captain Bennett became the airline's director in Berlin. But nothing matched the excitement of the airlift.

"Those were the most important flights of my life," Captain Bennett said. "We saved many lives, and that is a heck of a lot better than flying tourists back and forth on their vacations to Maldives."

Captain Bennett's apprehensions were well-founded. The airlift took place during one of Europe's coldest and wettest winters this century. The landings had to be conducted at such low altitudes that many planes were nearly skimming the rooftops. Seventy-eight airmen, including 31 Americans, lost their lives in crashes.

As Berlin embarks on a new phase of its eventful history as the capital of a reunited Germany, city officials have invited Captain Bennett and nearly 1,000 other airlift veterans back for a rousing set of celebrations.

The purpose of the commemoration, according to Mayor Eberhard Diepgen, is not only to honor the valor of the pilots. It is also to remind a new generation of Germans about the unique partnership with the United States — one that risks losing its vigor now that a common strategic threat has vanished and both countries find themselves focusing on different challenges in the post-Cold War era.

As a sign of the times, the last remaining civilian air route between Berlin and the United States was canceled two months ago.

For Berliners who were alive during the airlift, however, the special connection with the United States remains as strong as ever. People like Mercedes Wild recall that U.S. planes delivered food and candy rather than bombs.

"I was 7 years old at the time, and I remember how frightened we were when we first heard the engines of so many planes," she said. "We could not



Gail Halverson, a U.S. pilot during the airlift who parachuted packets of candy to the kids below, receiving kisses Monday at Berlin-Tempelhof airport from two of them, Mercedes Wild, right, and Johanna Hoppe.

## Clinton Visiting Germany

President Will Stress Europe's Economic Integration

Agence France-Press

WASHINGTON — President Bill Clinton visits Germany this week, where he will reiterate his support for European economic integration and eastward expansion of the European Union.

Mr. Clinton will attend ceremonies marking the 50th anniversary of the Berlin airlift, an operation staged by the Western Allies in 1948-49 to bring food and supplies to West Berliners during the Soviet blockade.

Mr. Clinton will also hold talks with Chancellor Helmut Kohl. The two leaders will have a long session together in the historic city of Potsdam, discussing NATO expansion, European economic integration, civil strife in Serbia's Kosovo Province, and relations with countries like Cuba, Iran and Libya.

The Potsdam Conference of 1945 laid down political jurisdiction for the defeated Germany among four Western powers, which carved the country and the city of Berlin into East and West.

Mr. Clinton's deputy national security adviser, James Steinberg, said the president's visit to Potsdam was "timely" in the wake of two recent watershed events in trans-Atlantic relations.

The first was the U.S. Senate's ratification of the North Atlantic Treaty

Organization expansion, admitting Hungary, Poland and the Czech Republic as members. Both the United States and Germany were united in their desire to bring the three former Warsaw Pact countries into the Western fold.

The second was the EU decision on May 2 to launch the single European currency, called the euro, among 11 of the 15 member countries including Germany.

Mr. Clinton "strongly supports the process of integration and also enlargement of the European Union," Mr. Steinberg said.

Mr. Clinton was expected to highlight these two issues in a speech Wednesday in Berlin and another on Thursday at Tempelhof Airport, the main airport of the former West Berlin, during the airlift anniversary ceremonies.

In a speech Thursday in Eisenach, in the former East Germany, Mr. Clinton is expected to call for tolerance in the wake of an extreme-right political resurgence and to stress the importance of aid to a region with unemployment of over 20 percent.

Mr. Clinton has already spoken out on the electoral inroads made by the extreme-right German People's Union, which won 12.9 percent in Saxony-Anhalt state elections April 26, sending shock waves across Germany.

help but think of the burning houses and all the destruction in the last days of the war. But then, when we saw that they were bringing food and not bombs, we recognized the planes as symbols of a new friendship."

Mrs. Wild became particularly close to Gail Halverson, the American pilot who began attaching packets of candy to small parachutes and floating them

down to delighted children. Captain Halverson and other pilots were known as the Rosinenbombers, or raisin bombers, because they first dropped dried fruit to the children. As the habit became more popular, they switched to chocolate. By the end of the airlift, more than 23 tons of candy had been delivered.

Mrs. Wild maintained contact with Captain Halverson after he returned to his hometown of Provo, Utah. When the Berlin Wall came down in 1989, she and her husband launched their own airlift between Berlin and Provo. Each year, they sponsor an exchange between two dozen German and American high school students that Mrs. Wild says is designed to maintain "the spirit of freedom" established by the airlift.

"We hope these children will never experience the fear and deprivation we felt in those days," Mrs. Wild said. "But they can learn the lessons of history and keep alive the warmth and generosity that have characterized ties between Germans and Americans after the war."

Amid all the hoopla surrounding the anniversary, the spirit of the airlift remains brightest in Herbert Monien's memory. For saving the lives of three American airmen a half-century ago, Mr. Monien will be thanked by Mr. Clinton.

While pleased by the honor, Mr. Monien says nothing could surpass the elation he experienced when he received a thank-you note from General Clay three weeks after the rescue.

"He included three cartons of Lucky Strike cigarettes," Mr. Monien said. "I felt like I'd been handed the biggest fortune I could ever imagine."



On the day he could have been in Washington to discuss Middle East peace progress, Prime Minister Benjamin Netanyahu of Israel, left, remained in Jerusalem to address an international convention of mayors.

## New Leader of WHO Targets Smoking as a Lure to Youths

Reuters

GENEVA — Saying that she was alarmed by the vulnerability of children to smoking in the developing world, the World Health Organization's incoming leader said Monday that the protection of young people from the habit was a policy priority.

Gro Harlem Brundtland, a physician and former prime minister of Norway, said she would fight against the attractions of smoking to children.

Legislation is needed in developing countries and the World Health Organization is prepared to help, said Mrs. Brundtland, 58, who will be formally confirmed Wednesday as the organization's new chief.

"Tobacco has to be fought now because the children and young people are becoming influenced now," she said before the start of the World Health Assembly, where 191 member states will chart priorities.

"We will have to tell the world why it is dangerous and give advice on how to deal with it on a regulatory fashion because governments have to pass laws like we have done in Europe and the

United States," Mrs. Brundtland said. Her comments suggest that tobacco firms, facing hostile legislation and lawsuits in the West and expanding into developing markets to make up for reduced consumption at home, could find themselves up against a new adversary at the World Health Organization.

"Tobacco is a big killer," she said. "There's no question about it. The worst part of it is that it can reach children's minds and invite children into something at an age when they don't have a free choice."

In many parts of the developing world, where tobacco firms are big investors, cigarettes do not carry health warnings.

The U.S. health secretary, Donna Shalala, speaking in Geneva, said that stopping the targeting of children by tobacco companies was high on her agenda as well.

Asked if her government might try to discourage tobacco companies from expanding in the Third World, she said: "We are not in the business of putting tobacco companies out of business in relationship to adults."

## U.S. and EU Holding Talks In Dispute on Iran Oil Deal

Reuters

BRUSSELS — U.S. and European Union officials are holding intensive talks to try to solve a dispute over U.S. sanctions before a summit meeting in London, but must still overcome difficult problems, U.S. officials said Monday.

The European trade commissioner, Sir Leon Brittan, met the U.S. secretary of state, Madeleine Albright, in London on Saturday in the latest of a series of meetings aimed at solving the dispute over U.S. laws affecting foreign investment in Cuba, Iran and Libya.

Since late last year, the State Department has been reviewing whether a \$2 billion deal by the French oil giant Total SA, Gazprom of Russia and Petronas of Malaysia to develop a major Iranian gas field violates the law.

The State Department has for several months been promising a decision soon on whether Total should face sanctions.

The European Union has set a goal of solving the dispute over the Helms-Burton act and the Iran-Libya Sanctions Act in time for the London summit May 18 between President Bill Clinton and Prime Minister Tony Blair of Britain, representing the EU.

The Financial Times quoted EU officials on Monday as saying that Mrs. Albright had indicated to Sir Leon that Washington might grant European firms a waiver from the sanctions act before or during the summit.

Neither EU or U.S. officials would confirm the report.

Sir Leon's spokesman, Nigel Gardner, said he remained "cautiously optimistic" that an agreement deal could be reached.

The EU has fiercely opposed the sanctions laws, which it sees as an attempt to extend U.S. authority to foreign companies.

The EU insists that a "global solution" must be found to both the 1996 Helms-Burton act, which calls for sanctions against any foreign firm using

property confiscated during Cuba's 1959 communist revolution from someone now a U.S. citizen, and the Iran-Libya Sanctions Act, which calls for sanctions on foreign firms investing in the energy sectors of Iran and Libya.

"Any solution must give secure and lasting waivers against the relevant parts of the legislation and a meaningful commitment by the United States that such laws will not be imposed on us in the future," an EU official said.

On the Helms-Burton act, the EU is looking for "secure and lasting waivers" for European companies, the official added.

## Sensing Is

By Suzy Menkes

PARIS — With the advent of the new millennium, the fashion industry has produced itself from the fine line between the old and the new.

CLICK! And the catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

LOOK! And the catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

TOUCH! And the catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

TASTE! But, am I not feeling something? The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

ALLOWED TO TOUCH! The catwalks are filled with the new millennium. The catwalks are filled with the new millennium. The catwalks are filled with the new millennium.

## Sensing Is Believing: When Luxury Goes Interactive

By Suzy Menkes  
International Herald Tribune

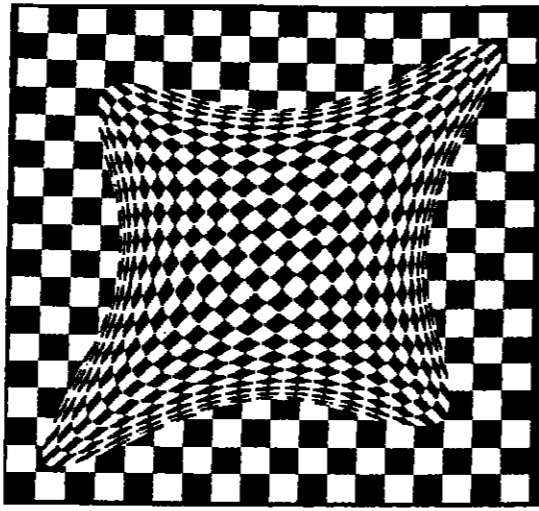
**P**ARIS — With the rocket boost of technology, the French luxury industry has projected itself from the fine linen, shiny silver and rippling silk image of the 19th century into the new millennium.

CLICK! And the ears are filled with sweet music, animal calls, global lullabies — or weird, futuristic tonalities. LOOK! And your shadow is silhouetted in rainbow colors. STROKE! And the scent of meadow flowers wafts from the neck of a giant phallic-shaped perfume bottle. TOUCH! And your fingers rasp against dried-out sponges, squelch on rubber tubes, glide over leather or are brushed by fur.

TASTE! But, darn it, those towering towers of meringue balls and sugared cookies are the few things you are not allowed to touch.

The sensuality of luxury is the subject of an imaginative exhibition that opens Friday at the Palais de la Decouverte, a Paris science museum. "Theater of the Senses" ("Theater of the Senses"), until Jan. 3, 1999, is just as it sounds: an exploration of the five senses that make up our complex appreciation of the universe. And that includes our joy in simple natural things or in the most sophisticated upscale products.

This is no ordinary look-see show, but an interactive and high-tech experience appealing to the Internet generation and the modern-minded. Staged by the



Sight and touch: optical-illusion panel; hands stroking Hermes leather, and child's eyes from the "Theater of the Senses" exhibition.



This early part of the show, developed from the research and enthusiasm of Jorge Wagensberg, a Barcelona museum director, was the original proposition for the exhibition, although the rest has been developed by a French team.

You walk through a hall of mirrors and into the sound of silence: a dead space before an intriguing audio assault. Here the language of tonality, with a collection of drum beats and mountain shepherds' whistles. Then a moving moment before global photographs of mother and child, as all their recorded lullabies hit similar notes.

Now the visual stimulation: eyes staring from all around the room and video screens in the center. Touch? Walls of different objects to pinch and stroke. Smells? Everywhere, from animal and herbal scents to the perfumes that rise up to where decorative crystal bottles from the French fragrance houses are perched at ceiling level.

The final scene is a series of groaning banquet tables with (this being France) real food on display.

"The theme is wonderful, it is about the emotion of feeling a piece of silk, about people wanting to touch and taste," said Alain Boucheron, referring to his jewels, each with its own music, designed to express the spirit of stone or setting.

At the show's exit, a series of computers invites you to surf the five senses on the Internet. Luxury as virtual reality? Now that is really cool.

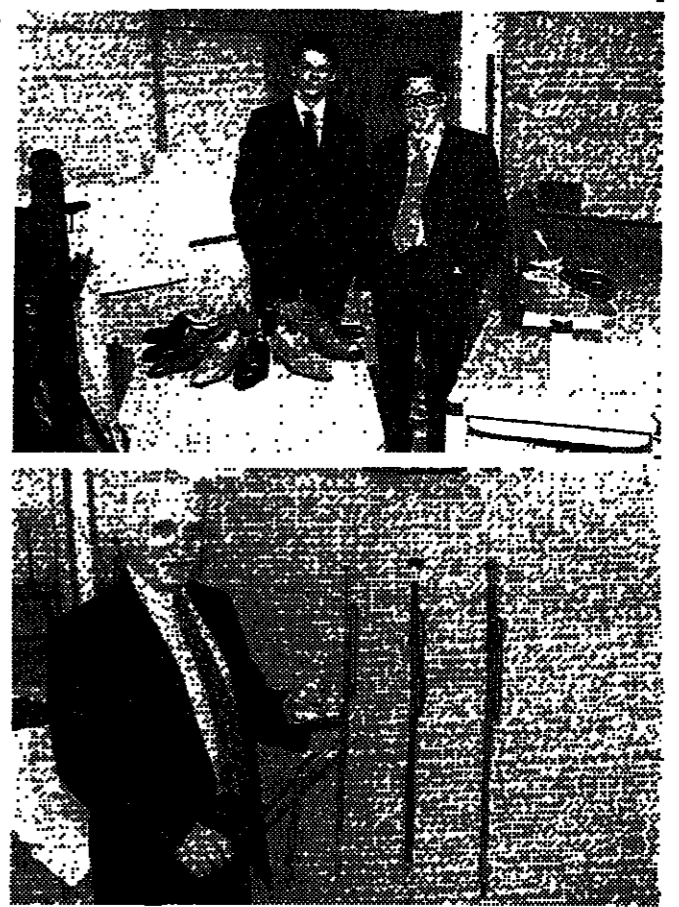
Comite Colbert, an association of French luxury companies, its effect is to surprise, dazzle and even disturb, but ultimately to heighten sensual awareness.

By the time you reach the de luxe products, they seemed to have been dragged literally and figuratively out of their glass cases, so that you perceive them as approachable pleasures, rather than distant objects of worship. That is summed up by the jewelry section, in which rings leap out at you in 3-D projections; or when couture clothes are casually on show behind a veil of tulle

to children, to their families, and give the entire public this message: "You have senses, so use them!"

Although no one quite dares to say so, the aim is really to take the stuffiness out of the luxury business, which has traditionally been surrounded by a quasi-religious aura in France. That is reinforced by snobby sales assistants who often give customers the feeling that they are unworthy to enter such temples of excellence. Hanging Hermes silk scarves for sweaty fingers to stroke is to fly the flag of approachable luxury.

In its dramatic opening gesture, the show goes right back to basics — to the different ways human- and animal-kind view the universe. Against a painted backdrop of teeming wildlife, the visitor views a central abstract tableaux of shapes and colors through portholes giving the visions of man, beast and insect. You didn't know that a bull extinguishes all blue tones, that a bat's radar makes your night vision seem myopic, that an eagle is bifocal and that a rabbit can see out of the back of its head? Well, seeing is believing.



The baker Lionel Poilane, who has published a regional guide to 1,000 French artisans; Alain Ourtilani, a fishing-rod maker (top); Christian Bonnet, with tortoise-shell accessories; Karen Waren and her fresh-flower hats; the custom cobblers Pierre and Christophe Cortay (top), and Charles Ainciart-Bergara, a maker of sword sticks to presidents and kings.

## A Show of Hands in the Kingdom of the Crusty Country Loaf

By Suzy Menkes  
International Herald Tribune

**B**IEVRES, France — It could have been the court of the Sun King, with the artisans displaying their wares: here a sword-stick maker and his silver-tipped, hand-polished canes; there the sleek pungent-smelling leather of the royal bootmaker; precise, fantastically carved sundials; pompoms of passementerie.

But one thing is for sure. No one in this upscale crowd is going to shout: "Let them eat cake!"

For this is the kingdom of warm, crusty country bread, where Lionel Poilane, France's most renowned

baker, is launching his latest venture: a guidebook to his country's arts and crafts.

At his headquarters in the countryside outside Paris, Poilane gathered 30 of the suppliers who feature in "Guide Poilane des 1,000 Artisans," a region-by-region compilation of handicraft trades that may go back a thousand years.

Today, what might in the past have been dismissed as peasant culture — just like the rough and chewy country bread — is prized for its individuality and authenticity.

"The quality of life stands by the human quality — and in the sphere of the artisan, you never cut out the human element," said Poilane. He cites as his favorite craft

the boat builders of Brittany, who have brought back to a human scale the sturdy fishing boats and custom-made yachts — and have seen an exceptional growth in the business of boats "with a soul."

The same individuality can be seen in the handmade fishing rods of Alain Ourtilani, from Chambéry, in the Rhones-Alpes region, who spends 80 hours shaping bamboo canes into finely tuned fishing instruments.

Poilane waxes enthusiastic over lacquerwork woven from strips of chestnut wood and compares it to American baskets woven from whalebones in Nantucket, Massachusetts. The guidebook is dotted with photographs of these

products in use: corn-yellow cane chairs in a sunny garden; wrought-iron gates silhouetted against trees and sky; a cluster of hand-turned pots; fishing rods laid out with tackle and bait, and the artisans photographed in their workshops sharpening knife blades or creating dainty lace.

But what might seem just a rose-tinted view of rural France took on an energy and immediacy as the artisans, some fourth- or fifth-generation family businesses, others young enthusiasts, showed or demonstrated their crafts. The backdrop was the cathedral-like circular wood store, stacked with logs to feed the bread ovens.

Some, like a maker of hand-

carved musical instruments from the Auvergne, were pleased and surprised that their work had been noticed and recorded. Others, like the family Ainciart-Bergara, creators of the Makhila, or sword stick, have already seen their decorative canes used by Ronald Reagan, Pope John Paul II and by a slew of royals and heads of state.

"You would be surprised how many we export to America," said Charles Ainciart-Bergara.

For all of these artisans in an industrialized world, business is on the rise — and often international, however obscure the trade. For just as Poilane's loaves are air-freighted to the United States for 3,000 sophisticated and wealthy customers who crave traditional country bread, so the French artisans mostly work for the world.

Alain de Saint Exupery had traveled from Aquitaine with massive locks, hinges and keys that look as though they had been wrenched from the door of Sleeping Beauty's castle. Since no ancient lock defies his ability to create the appropriate key, he works as an antique locksmith and restorer for Sotheby's and Christie's.

Although artisans have been selected from throughout France, there is also a strong Parisian showing, making the book interesting even to visitors to France seeking specialists.

For example, the jolly tassels, fringes and pompoms of the passementerie — expert Raymond, can also be found in a Paris showroom.

On the fashion side, Pierre Cortay displayed not only his hand-crafted shoes, but also the supple leathers and wooden forms from which they are created.

Brides with a taste for the original might be drawn to the creations of Zelia, whose wedding gowns are often inspired by French regional costumes. Or to Karen Waren, whose

delicate picture hats and accessories are made from real flowers.

Poilane's book is essentially about individuals, plying a craft that gives pleasure to themselves and to others.

How strange to come across a model of a giant turtle on a display table and realize that all the tortoise-shell eyeglasses are not plastic copies, but the real thing — the work

of Christian Bonnet from Burgundy, a third-generation oculist and the last in France to create custom-made frames "because each face has its own personality." Yves Saint Laurent, Jackie Kennedy and Aristotle Onassis have been on the celebrity list.

Showing photographs of his sundials inserted as stone slabs into existing walls, Yves Guyot, from the

Auvergne, explained how they are used either for ancient buildings, public gardens or just for the home.

A sundial may seem pointless in the days of clocks and watches, but just think about it," said Poilane. "You can use a sundial to teach your children to tell the time — and to understand the working of the universe. It all depends on how you look at it."

### CROSSWORD

**ACROSS**  
1 "Candida" playwright  
5 Sings like Tomé  
10 Edna  
14 Entire Prefix  
15 "La Campagna de Rome" artist  
16 Aware of  
17 Utah city  
18 Stop on (half abruptly)  
19 They can be Jordanian  
20 Slot machines  
23 40 winks

24 Scooby — (cartoon dog)  
25 Authorized  
26 Camer to Oslo  
27 Cavendish's love, in opera  
30 Sale items, for short  
31 I.R.S. visits  
32 Globe  
33 Chris Evert specialty  
34 — Bravo  
35 They're in a stable environment

44 Baseball's Mel  
45 The blaha  
47 Born  
48 Wall climbers  
49 Org. that called 80's strikes  
51 Niger-to-Libya dir.  
52 Picnic event  
53 Works in the garden  
54 Race tracks  
55 Wall Street optimist  
56 Language written in Persian-Arabic letters  
57 Engendered  
58 Pitcher  
59 "You don't mean..."  
60 Generous helpings  
61 Orangeth vegetables

7 Saharan  
8 Taj Mahal, e.g.  
9 Lieux  
10 Kind of doll  
11 "The King"  
12 Copy editor's marking  
13 Chuck  
14 One who blabs  
15 "Hay!"  
16 Unit of petrol  
17 Professor Corey  
18 Sing softly  
19 Kharoum's land  
20 Fred's light-footed sister  
21 Move laterally  
22 Conductor who studied under Bartok  
23 Big olive oil exporter  
24 Great depression  
25 Farm worker?  
26 Boob tubes  
27 All kidding —

**Solution to Puzzle of May 11**  
SHOT PRAM SCALP  
LIVE RARE TABOO  
AMEN ASIS OBESSE  
VERONICA SCLOSET  
ROSA LIT  
NAW RELATED LAP  
OPART NRIA DECA  
MARTHAS VINEYARD  
ACME LAI NEVER  
DES COLLARD ESE  
RAF ROOT  
CHRISTINA SWORLD  
ROAST DEBT TOUR  
ANGEL ERIE ALVA  
GEESSE SOAR BEST

**DOWN**  
1 "Begone!"  
2 Worker  
3 Toward one side of a ship  
4 Effeminate  
5 Little rascal  
6 Secret language  
7 Exhausts  
8 Neither Rep. nor Dem.  
9 Unkempt ones  
10 Horns on high  
11 Hoodlum  
12 Wedding dance  
13 Skelton's Kackidhopper  
14 Goo unit  
15 Stuntmaster Krievet  
16 Baby talk  
17 New Ageish glow  
18 Kackidhopper  
19 Additions

Make your dreams come true.

"ALHAMBRA" Collection

Van Cleef & Arpels

PARIS 22, PLACE VENDÔME • GENEVE 31, RUE DU RHONE  
CANNES MONTE-CARLO LONDRES BRUXELLES NEW YORK BAL BEACH BEVERLY HILLS HONOLULU  
MOSCOW MONTREUX SEOUL PUAN TOKYO CHANG HONG-KONG

**NYSE**


**Monday's 4 P.M. Close**

**Monday's 4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press.*

\* 12 Month High Low Stock Div Yld PE 100s High Low Latest Ctr

[illegible][illegible]

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Lowest	Chg
2634	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2635	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2636	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2637	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2638	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2639	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2640	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2641	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2642	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2643	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2644	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2645	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2646	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2647	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2648	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2649	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2650	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2651	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2652	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2653	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2654	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2655	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2656	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2657	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2658	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2659	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2660	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2661	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2662	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2663	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2664	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2665	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2666	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2667	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2668	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2669	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2670	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2671	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2672	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2673	150	140	Comcast	1.94	7.7	14	140	250	230	210	230



offers in cooperation with

IN

Upcoming

Portfolio Management

- Real Estate Investment

Banking and Risk Management in

Advanced Valuation Topics

- Valuing Commercial Banks

- Real Options

Asset Securitisation

Measuring and Implementing Eco

Foundations of Finance

Advanced Corporate Finance

- Mergers and Acquisitions

New

Edits and Shareholder Value

In Banking and Finance

For further information and our details

Ms. Katalijn Arnold, Course Manager

AIF - Herengracht 205, 1016

telephone: +31-20-520

e-mail: info@aif.nl

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Lowest	Chg
2594	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2595	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2596	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2597	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2598	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2599	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2600	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2601	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2602	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2603	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2604	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2605	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2606	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2607	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2608	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2609	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2610	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2611	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2612	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2613	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2614	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2615	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2616	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2617	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2618	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2619	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2620	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2621	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2622	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2623	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2624	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2625	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2626	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2627	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2628	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2629	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2630	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2631	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2632	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2633	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2634	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2635	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2636	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2637	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2638	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2639	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2640	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2641	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2642	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2643	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2644	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2645	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2646	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2647	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2648	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2649	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2650	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2651	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2652	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2653	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2654	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2655	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2656	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2657	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2658	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2659	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2660	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2661	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2662	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2663	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2664	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2665	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2666	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2667	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2668	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2669	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2670	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2671	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2672	150	140	Comcast	1.94	7.7	14	140	250	230	210	230
2673	150	140									

[illegible][illegible][illegible][illegible]

## In Malaysia, Whose Time

# No More Surplus

By Thomas Fuller  
*International Herald Tribune*

**KUALA LUMPUR** — During the last few years, the Malaysian government has had one thing sacred. There would be no return to the debt-plagued 1960s. For almost 10 years, it kept its balance sheet in the black, and its budget surplus topped last year at RM 5 billion (US\$1.74 billion).

But Monday's headlines, however, sounded a watershed: "No More Surplus."

"We admit that it is no longer possible," Anwar Ibrahim, the country's finance minister, said Sunday.

Mr. Anwar's statements mark a shift from the fiscal austerity that has been preached in Malaysia since Atila's first term. As economic crisis started last year, it contrasts as well with the grueling fight spending that has been preached throughout the region by the International Monetary Fund.

"We need to do more in terms of expenditure to cater for the poor. These are vulnerable due to the economic downturn," Mr. Anwar said.

In the government's likely return to deficit this year, amid the region's financial crisis, does not have many Malaysians worried. On the contrary, Malaysians on economic and the shift was welcome.

"If the government had conventionally sustained a fiscal surplus, it would have driven the country into a deep recession," said James K.S., an economics professor at the University of Malaya.

Mohamed Ariff, executive director of the Malaysian Institute of Economic Research, agreed.

"The government have not been obsessed with budgetary 'surpluses,'" he said. "There is some flexibility of fiscal discipline. That makes sense in good times, but in times when the government is not any more at all."

Mr. Anwar cited the way how large increased the deficit, but he said it was "not by the huge amount to disrupt the stability and the important macro-economic management of the economy."

He said estimated that the deficit would be RM 1.5 billion, or about 1 percent of the country's gross domestic

## Thinking Ahead /Com

Trans-14-11-11

# Trans-Atlantic

By Reginald Dale  
June 1, 1997

**W**ASHINGTON — Trans-Atlantic relations are back at the top of the agenda of both sides of the ocean. As Europe finalizes plans for a single currency, the euro, that could one day rival the dollar, the U.S. Senate has signaled America's continuing commitment to the Old World by approving the expansion of the North Atlantic Treaty Organization into Central Europe.

Europe is making most of the running. The European Union has taken steps, albeit largely unwelcome in the United States, to gain a say alongside the United States in the Middle East peace process and the European Commission is proposing a New Transatlantic Marketplace to intensify U.S.-EU economic exchanges.

While much of East Asia remains locked in the way to economic recovery, Europe is well ahead of the way to economic recovery.

Although many of its problems remain unsolved, and efforts to forge a common foreign and security policy are laughable to many Americans, Europe still looks a healthier partner for the United States than it has in years.

The month in England, President Clinton will meet with Tony Blair, British prime minister and current U.S. president, to seek new ways to strengthen U.S.-EU relations.

But while many Americans are

he could have 1  
how 1  
Europe  
—  
ferred  
could  
to bring  
a trans  
the year  
almost  
—  
This  
would  
tection  
by some  
could  
could  
instance  
and the  
—  
Am  
was  
sophis  
tantic  
is libe  
The  
liberal  
Prime  
Europe  
Britain  
Europe  
best in  
—  
Its a  
most u  
berly  
that  
it  
germy  
market  
Europe

**CURRENCY**

[illegible]

TUESDAY, MAY 12, 1998

PAGE 13

## In Malaysia, a Deficit Whose Time Has Come

'No More Surplus' Might Mean No Recession

By Thomas Fuller  
International Herald Tribune

**KUALA LUMPUR** — During the boom years, the Malaysian government held one thing sacred: There would be no return to the debt-plagued 1980s. For five straight years, it kept its balance sheet in the black, and its budget surplus peaked last year at 6.6 billion ringgit (\$1.74 billion).

With Monday's headlines, however, came a watershed: "No More Surplus."

"We admit that it is no longer possible," Anwar Ibrahim, the country's finance minister, said Sunday.

Mr. Anwar's comments mark a shift from the fiscal austerity that has been preached in Malaysia since Asia's financial and economic crisis started last year. It contrasts as well with the gospel of tight spending that has been preached throughout the region by the International Monetary Fund.

"We need to do more in terms of expenditure to cater for the poor, those most vulnerable due to the economic downturn," Mr. Anwar said.

But the government's likely return to red ink this year amid the region's financial crisis does not have many analysts worried. On the contrary, Malaysian economists said the shift was necessary.

"If the government had dogmatically maintained a fiscal surplus, it would have driven the country into a deep recession," said Jomo K.S., an economics professor at the University of Malaya.

Mohamed Ariff, executive director of the Malaysian Institute of Economic Research, agreed.

"The government here has been obsessed with budgetary surpluses," he said. "They're seen as symbols of fiscal discipline. That makes sense in good times, but at times such as this it doesn't make any sense at all."

Mr. Anwar declined to say how large he expected the deficit to be, but he said it would "not be too huge as to disrupt the stability and the long-term macroeconomic management of the economy."

Mr. Ariff estimated that the deficit would be about 5 billion ringgit this year and said the government could use pre-

vious surpluses to finance the gap.

Mr. Anwar said the spending would be used "to support education, health, poverty eradication and housing" and small and medium-sized companies.

Malaysia's prime minister, Mahathir bin Mohamad, also said Monday the economic slowdown was crimping Malaysia's budget, the Bernama news agency reported.

Mr. Mahathir, speaking in Cairo while attending a Group of 15 summit meeting, said the 15 biggest companies in Malaysia were expected to see their profits drop to a total of 1.5 billion ringgit from 9 billion ringgit in 1997.

Until recently, Mr. Anwar, who is also deputy prime minister, had battled hard to produce a sixth year of surpluses. Prodded by the International Monetary Fund, the government slashed spending on everything from large construction projects to stipends for Malaysians studying abroad.

Mr. Anwar's vigor in cutting spending had led analysts to comment that Malaysia — which, unlike Thailand, Indonesia and South Korea, declined to seek IMF help during last year's economic crisis — was implementing an IMF program without the IMF.

"Many of the cuts would probably have pleased the IMF but are in my judgment totally inappropriate," Mr. Ariff said, citing the reduction in education spending. "These are long-term investments in human capital, and this current crisis is just a short-term phenomenon."

Abdul Razak Abdullah Baginda, executive director of the Malaysian Strategic Research Center, said the government needed an "enormous" injection of capital to pull the country out of crisis. "We have decided not to go to the IMF," he said. "We now have to find alternative sources of investment." Deficit spending was one source, he said.

The regional economic crisis is not the only reason Malaysia will slip into a budget deficit this year. Oil prices have collapsed and agricultural production has declined because of drought and the haze from forest fires that have plagued the region intermittently over the past year.

See MALAYSIA, Page 17



With its provocative covers, Wired has presented itself as the antithesis of glossy, celebrity-filled magazines.

## Will New Owners Short-Circuit Wired?

Executives Defend Sale of Brash Digital-Era Magazine to Conde Nast

By Amy Harmon  
New York Times Service

**NEW YORK** — The sale of the pioneering magazine Wired to Conde Nast, a unit of Advance Publications Inc., for a price said to be close to \$80 million, was hailed as a crucial step forward by Wired's publisher, Dana Lyon, and the editor in chief, Katrina Heron, who assumed their jobs in December.

Ms. Lyon and Ms. Heron said that joining the Advance media empire, which includes Vogue, Vanity Fair and GQ, would help the magazine that defined the digital culture to increase its circulation and advertising revenue beyond what it could achieve on its own. Both of them previously worked at Conde Nast.

But the co-founders of the magazine, Louis Rossetto and Jane Metcalfe, have been unavailable for comment since informing the staff late last week of the deal.

After financing the company's on-

line division and paying the venture capitalists who had kept the Wired ventures afloat in recent months, people close to the situation said there would be little cash left for the pair whose vision and persistence created a new genre of magazine where traditional media companies said it could not be done. They are not expected to have a role in the magazine under Conde Nast.

Wired Digital, which operates several World Wide Web services, will carry on as an independent company. The on-line company is expected to be profitable by the end of the year, but its drain on the parent company — along with attempts to expand into book publishing, television production and a British edition of the magazine — was a significant factor in the financial problems that led to the sale of the magazine.

With a circulation of 425,000, the magazine itself has been profitable since last year. But the company's poor financial health caused it to cancel a planned stock offering in 1996, and it began to seek a buyer several months ago. Wired Digital will retain exclusive rights to license the content of Wired for the digital realm.

The oddity of seeing San Francisco-based Wired — whose existence revolved around thumbing its nose at what it called "dead-tree media" — being sold to the icon of the East Coast media elite was not lost on close followers of the publication.

With its neon-streaked covers, insistent use of cyberjargon ("in the techno realm, acronyms like RSI and LCD are as recognizable as the analog world's FBI and CIA," its style guide said) and articles on "Zippies," "Microcrossers" and "The Long Boom," Wired cast itself as the antithesis of Conde Nast's glossy celebrity-filled publications.

"Wired has been a place for truly groundbreaking ideas that could not have appeared anywhere else," said

cel a planned stock offering in 1996, and it began to seek a buyer several months ago. Wired Digital will retain exclusive rights to license the content of Wired for the digital realm.

The oddity of seeing San Francisco-based Wired — whose existence revolved around thumbing its nose at what it called "dead-tree media" — being sold to the icon of the East Coast media elite was not lost on close followers of the publication.

With its neon-streaked covers, insistent use of cyberjargon ("in the techno realm, acronyms like RSI and LCD are as recognizable as the analog world's FBI and CIA," its style guide said) and articles on "Zippies," "Microcrossers" and "The Long Boom," Wired cast itself as the antithesis of Conde Nast's glossy celebrity-filled publications.

"Wired has been a place for truly groundbreaking ideas that could not have appeared anywhere else," said

See WIRED, Page 17

## Thinking Ahead / Commentary

### Trans-Atlantic Ties Back in Fashion

By Reginald Dale  
International Herald Tribune

**WASHINGTON** — Trans-Atlantic relations are back at the top of the agenda on both sides of the ocean. As Europe finalizes plans for a single currency, the euro, that could one day rival the dollar, the U.S. Senate has signaled America's continuing commitment to the Old World by approving the expansion of the North Atlantic Treaty Organization into Central Europe.

Europe is making most of the running. The European Union has taken tentative, albeit largely unwelcome, steps to gain a say alongside the United States in the Middle East peace process, and the European Commission is proposing a New Transatlantic Marketplace to intensify U.S.-EU economic exchanges.

While much of East Asia remains mired in financial crisis, Europe is well on the way to economic recovery.

Although many of its problems remain unsolved, and efforts to forge a common foreign and security policy seem laughable to many Americans, Europe still looks a healthier partner for the United States than it has in years.

This month in England, President Bill Clinton will meet with Tony Blair, the British prime minister and current EU president, to seek new ways to strengthen U.S.-EU relations.

But while many agree that it needs to

be done, there is much less agreement on how. The prospect of closer trans-Atlantic links, and perhaps of a stronger Europe, are stirring up old differences — some of which surfaced at a conference this month in Istanbul that was called to discuss a new Atlantic initiative to bring the two sides closer together.

A major theme at the conference was the fear that a stronger Europe would almost automatically be anti-American.

There were warnings that the euro would lead to the creation of a protectionist bloc that would be dominated by unelected bureaucrats and that a common European foreign policy could be hostile to U.S. interests, for instance by being too soft on Iran, Iraq and the Palestinians.

Among the antidotes to these ills, it was suggested, could be a trans-Atlantic free trade area and more U.S. input into European foreign policy deliberations.

The implication of this viewpoint, espoused most notably by former Prime Minister Margaret Thatcher of Britain, is that a weak continental Europe is in America's (and Britain's) best interest.

Its antithesis is the belief, most commonly held in France, that Europe can best unite in opposition to America and that it must do so to resist U.S. hegemony. In this view, a trans-Atlantic marketplace would risk Americanizing Europe and undermining European integration.

Both viewpoints — which might be called the Gaullist and the Thatcherite — feed on and reinforce each other. But they are both essentially minority views.

The broad majority of both U.S. and European policymakers wants a closer partnership between a strong America and a strong Europe. The obvious place to start is trade, where both are global superpowers.

But the new marketplace proposal is unlikely to fit the bill. France is hostile to the U.S. political climate inauspicious.

Both sides would probably want to exclude major sectors — the Europeans, agriculture and Hollywood movies, the Americans, textiles and shipping — that would gut the proposal.

Better would be a joint drive for a new round of multilateral trade negotiations (the so-called Millennium Round) and a commitment to a broader partnership to manage the global economy. Mr. Clinton would have to invest some political capital back home.

The Europeans for their part could offer discussions on phasing in the euro and send much higher-powered delegations to the twice-yearly U.S.-EU summit meetings, especially when a small country holds the EU presidency. Except in trade, and perhaps soon in money, the onus still is usually on the EU to persuade Washington to take it seriously.

E-mail address: thinkahead@washpost.com



OLD-FASHIONED TEST OF NEW CURRENCY — Finance Minister Dominique Strauss-Kahn of France biting the first euro after it was struck Monday. The mint at Pessac then started to churn out smaller coins. Page 15.

## CURRENCY & INTEREST RATES

Cross Rates										Libid-Libor Rates										Money Key Rates										
										May 11																				
	\$	DM	FF	Yen	DM	FF	Yen	DM	FF		Dollar	D-Mark	Swiss	French	Yen	ECU		United States	Today	Prev	Britain	France	Germany	Italy	Spain	Japan	Other			
Australia	2.84	1.35	1.07	163.25	1.35	1.07	163.25	1.35	1.07	1-month	5.94	5.94	5.94	5.94	5.94	5.94	1-month	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94			
Canada	0.71	0.34	0.02	57.75	0.34	0.02	57.75	0.34	0.02	3-month	5.94	5.94	5.94	5.94	5.94	5.94	3-month	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94			
France	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00	6-month	5.94	5.94	5.94	5.94	5.94	5.94	6-month	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94			
Germany	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00	1-year	5.94	5.94	5.94	5.94	5.94	5.94	1-year	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94			
Italy	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00	Rates applicable to interbank deposits of \$1 million minimum (or equivalent).																				
Japan	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00	Source: Reuters, Lloyd's Bank, London.																				
UK	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00																					
Spain	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00																					
Sweden	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00																					
Switzerland	1.36	1.00	1.00	166.63	1.00	1.00	166.63	1.00	1.00																					
Other Dollar Values																														
	Per \$	Per DM	Per FF	Per Yen	Per \$	Per DM	Per FF	Per Yen	Per \$		Price	Yield	Price	Yield	Price	Yield														
Argentina peso	0.0099	0.0047	0.0004	75.00	0.0099	0.0047	0.0004	75.00	0.0099	1-month T-Bill	9.99	5.11	1.11	0.33	3.20	3.20	1-month	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20			
Australia dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	2-year T-note	10.00	5.64	0.58	0.44	3.30	3.30	2-year	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30			
British pound	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36	3-year T-note	10.00	5.71	0.65	0.55	3.40	3.40	3-year	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40			
Canadian dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	10-year T-note	10.00	5.77	0.70	0.60	3.50	3.50	10-year	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50			
Chinese yuan	8.27	3.93	0.25	648.33	8.27	3.93	0.25	648.33	8.27	10-year T-bond	10.01	5.83	0.97	0.87	3.60	3.60	10-year	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60			
Danish krone	6.46	3.00	0.19	103.76	6.46	3.00	0.19	103.76	6.46																					
French franc	6.55	3.00	0.19	103.76	6.55	3.00	0.19	103.76	6.55																					
German mark	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Italian lira	2.00	0.94	0.06	136.36	2.00	0.94	0.06	136.36	2.00																					
Japanese yen	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
South African rand	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swedish krona	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swiss franc	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Other Dollar Values																														
	Per \$	Per DM	Per FF	Per Yen	Per \$	Per DM	Per FF	Per Yen	Per \$		Price	Yield	Price	Yield	Price	Yield														
Argentina peso	0.0099	0.0047	0.0004	75.00	0.0099	0.0047	0.0004	75.00	0.0099	1-month Libor	9.00	0.57	0.40	0.30	3.00	3.00	1-month	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00			
Australia dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	3-month Libor	9.00	0.62	0.45	0.35	3.10	3.10	3-month	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10			
British pound	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36	6-month Libor	9.00	0.67	0.50	0.40	3.20	3.20	6-month	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20			
Canadian dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	1-year Libor	9.00	0.71	0.54	0.44	3.30	3.30	1-year	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30			
Chinese yuan	8.27	3.93	0.25	648.33	8.27	3.93	0.25	648.33	8.27																					
Danish krone	6.46	3.00	0.19	103.76	6.46	3.00	0.19	103.76	6.46																					
French franc	6.55	3.00	0.19	103.76	6.55	3.00	0.19	103.76	6.55																					
German mark	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Italian lira	2.00	0.94	0.06	136.36	2.00	0.94	0.06	136.36	2.00																					
Japanese yen	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
South African rand	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swedish krona	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swiss franc	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Other Dollar Values																														
	Per \$	Per DM	Per FF	Per Yen	Per \$	Per DM	Per FF	Per Yen	Per \$		Price	Yield	Price	Yield	Price	Yield														
Argentina peso	0.0099	0.0047	0.0004	75.00	0.0099	0.0047	0.0004	75.00	0.0099	1-month T-Bill	9.99	5.11	1.11	0.33	3.20	3.20	1-month	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20			
Australia dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	2-year T-note	10.00	5.64	0.58	0.44	3.30	3.30	2-year	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30			
British pound	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36	3-year T-note	10.00	5.71	0.65	0.55	3.40	3.40	3-year	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40			
Canadian dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	10-year T-note	10.00	5.77	0.70	0.60	3.50	3.50	10-year	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50			
Chinese yuan	8.27	3.93	0.25	648.33	8.27	3.93	0.25	648.33	8.27	10-year T-bond	10.01	5.83	0.97	0.87	3.60	3.60	10-year	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60			
Danish krone	6.46	3.00	0.19	103.76	6.46	3.00	0.19	103.76	6.46																					
French franc	6.55	3.00	0.19	103.76	6.55	3.00	0.19	103.76	6.55																					
German mark	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Italian lira	2.00	0.94	0.06	136.36	2.00	0.94	0.06	136.36	2.00																					
Japanese yen	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
South African rand	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swedish krona	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swiss franc	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Other Dollar Values																														
	Per \$	Per DM	Per FF	Per Yen	Per \$	Per DM	Per FF	Per Yen	Per \$		Price	Yield	Price	Yield	Price	Yield														
Argentina peso	0.0099	0.0047	0.0004	75.00	0.0099	0.0047	0.0004	75.00	0.0099	1-month Libor	9.00	0.57	0.40	0.30	3.00	3.00	1-month	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00			
Australia dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	3-month Libor	9.00	0.62	0.45	0.35	3.10	3.10	3-month	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10			
British pound	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36	6-month Libor	9.00	0.67	0.50	0.40	3.20	3.20	6-month	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20				
Canadian dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	1-year Libor	9.00	0.71	0.54	0.44	3.30	3.30	1-year	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30				
Chinese yuan	8.27	3.93	0.25	648.33	8.27	3.93	0.25	648.33	8.27																					
Danish krone	6.46	3.00	0.19	103.76	6.46	3.00	0.19	103.76	6.46																					
French franc	6.55	3.00	0.19	103.76	6.55	3.00	0.19	103.76	6.55																					
German mark	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Italian lira	2.00	0.94	0.06	136.36	2.00	0.94	0.06	136.36	2.00																					
Japanese yen	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
South African rand	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swedish krona	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Swiss franc	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36																					
Other Dollar Values																														
	Per \$	Per DM	Per FF	Per Yen	Per \$	Per DM	Per FF	Per Yen	Per \$		Price	Yield	Price	Yield	Price	Yield														
Argentina peso	0.0099	0.0047	0.0004	75.00	0.0099	0.0047	0.0004	75.00	0.0099	1-month T-Bill	9.99	5.11	1.11	0.33	3.20	3.20	1-month	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20			
Australia dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	2-year T-note	10.00	5.64	0.58	0.44	3.30	3.30	2-year	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30			
British pound	1.36	1.00	1.00	166.63	1.36	1.00	1.00	166.63	1.36	3-year T-note	10.00	5.71	0.65	0.55	3.40	3.40	3-year	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40			
Canadian dollar	0.71	0.34	0.02	57.75	0.71	0.34	0.02	57.75	0.71	10-year T-note	10.00	5.77	0.70	0.60	3.50	3.50	10-year	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50			

## Pound's Rise Taking Its Toll in Britain

Manufacturing Sector Is in Recession as Outlook for Exports Stays Grim

Compiled by Our Staff From Dispatches

**LONDON** — British manufacturing, hammered by the strength of the pound against its main European competitors, has finally slipped into recession after teetering on the brink for months, official data released Monday showed.

Manufacturing output was unchanged in March from February but fell 0.1 percent in the latest quarter from the previous one, the Office for National Statistics said.

Output also fell in the last quarter of 1997, meaning the sector is now technically in recession, albeit only just. Production in the first quarter was still 0.3 percent higher than the first quarter of 1997.

"Manufacturing companies continue to suffer from a deteriorating export picture — a story expected to continue over coming months," said James McKay, an international economist at Commonwealth Bank of Australia.

The pound's 18 percent rise since August 1996 has made British products

more expensive abroad and competing products cheaper in Britain. That has kept inflationary pressures at bay.

The prices manufacturers charge for their goods, known as output prices, rose 0.1 percent in April from March, again in line with expectations.

The data are widely seen as strengthening the hand of those arguing that the Bank of England should not raise interest rates again. "It's very unlikely that we'll see a further rate rise from here," said Adam Cole, an economist at the brokerage HSBC James Capel.

Survey evidence from the Confederation of British Industry and official trade data have showed exports tumbling and confidence at an 18-year low because of the pound's strong rise against European currencies over the past two years. But while industry is struggling, the larger services sector is still healthy and of more concern to the Bank of England is that it considers the appropriate level for interest rates.

The bank's key securities repurchase

rate was last raised in November, and many economists think the next move, while a ways off, will be downward.

Markets are now awaiting the minutes of the bank's Monetary Policy Committee meeting on Wednesday as well as the Bank of England's quarterly inflation report. Investors will examine the reports for clues as to how the bank sees the future path of inflation and interest rates.

In the first quarter, only one manufacturing sector — engineering and allied industries such as machinery and optical and transport equipment — increased production from the fourth quarter. Output in that sector rose 1.9 percent. Textile, leather and clothing producers, by contrast, cut their output by 2.2 percent.

Overall industrial production, which includes energy, rose 0.7 percent in March from February, as higher demand for heating pushed up utility output by 3.0 percent. Mining output rose 3.9 percent. (Reuters, Bloomberg)

## THE AMERICAS

## Rate Stability in Germany Gives a Lift to the Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against the Deutsche mark Monday as investors factored in the reduced likelihood of a German interest-rate increase.

Weaker sentiment for the mark began Friday, when Oskar Lüssing, chief economist of the Bundesbank, said he did not share the market's conviction about a near-term German rate increase. His view echoed an analysis given by Hans Tietmeyer, president of the Bundesbank, on Thursday.

"I think that we've seen the bottom for some time," Jerry Gleason, chief dealer at NYPO Bank in New York, said of the dollar-mark rate. "The U.S. economy is uniquely solid, quite different from what we see in Germany."

The dollar rose to 1.7760 DM in 4 P.M. trading from 1.7705 DM on Friday.

But many other traders said the dollar was likely to decline against the mark in coming months amid signs of recovery in Germany and

burgeoning confidence in the euro, which will supplant the mark as Europe's benchmark currency.

"The market is prepared to sell dollars and buy marks with the coming of the euro," said Ralph DeZenero of First Chicago NBD Corp. "There will be more demand

## FOREIGN EXCHANGE

for the euro, and it's likely to be a strong currency."

The dollar slipped against the Japanese yen from 132.770 yen, amid signs that the Japanese government was moving closer to implementing its stimulus package of 16 trillion yen (\$120.4 billion). On Monday, Japanese cabinet approved plans for 16 trillion yen in extra spending in the current fiscal year. The dollar was also at 5.9585 French francs, up from 5.9375 francs, and at 1.4842 Swiss francs, up from 1.4800 francs. The pound was at \$1.6293, down from \$1.6365.

(Bridge News, Bloomberg)

## Sumitomo to Pay \$125 Million Fine

Bloomberg News

WASHINGTON — Sumitomo Corp. agreed to pay \$125 million to settle U.S. charges stemming from illegal copper trading that led to \$2.6 billion in losses, the company and the Commodity Futures Trading Commission announced.

The Tokyo-based trading company agreed to set aside an additional \$25 million to pay restitution for investor losses, the commission said at a news conference, ending an investigation that began in late 1995.

In addition, the company said it was paying \$5 million (\$8.2 million) to the U.K. Financial Services Authority, formerly known as the Securities and Investments Board, to settle similar trading charges.

The company said it neither admitted nor denied trading violations. The commission said it would not sue Sumitomo from U.S. futures markets, an option that was available.

## Sunbeam to Fire 6,400 And Shut Some Plants

Compiled by Our Staff From Dispatches

DELRAY BEACH, Florida — Sunbeam Corp. said Monday it would fire 6,400 employees, or 40 percent of its workforce, and shut a third of its plants, as the maker of mixers and grills slashes costs following three acquisitions and an unexpected first-quarter loss.

Chief Executive Al Dunlap said he expected the moves to save \$250 million a year at Coleman Co., Signature Brands USA Inc. and First Alert Inc., which Sunbeam just bought for \$2 billion. The cuts will result in pretax charges of \$380 million this year.

Mr. Dunlap, known as "Chain-saw Al" for mass firings at companies he has led, is trying to restore his credentials as a turnaround expert after two warnings of lower-than-expected sales cut the value of Sunbeam's shares by half in two months. Yet he disappointed Wall Street again Monday with weak first-quarter results.

The perception that he can gen-

erate earnings by slashing costs is no longer there," said Bart Wear, a funds manager at Winslow Capital.

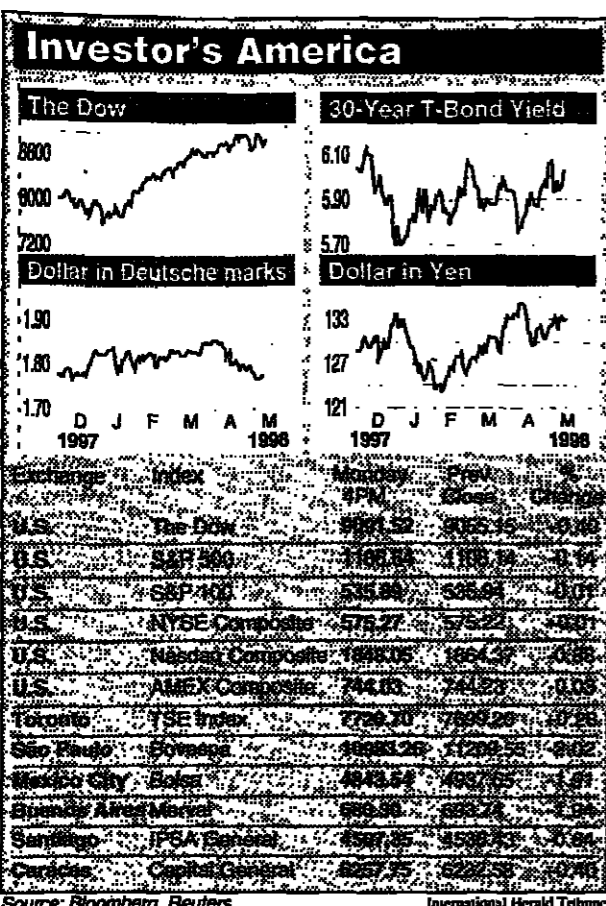
Sunbeam shares fell \$2.1875 to \$25.625 in late trading. The shares have tumbled from a high of \$33 in March.

The maker of Sunbeam kitchen and home products, Coleman camping products, First Alert smoke alarms and Mr. Coffee machines posted a first-quarter loss of \$44.6 million, reversing a profit of \$20.6 million a year ago. The results included a one-time charge of \$36.8 million for early retirement of debt and compensation expenses for new contracts signed by Mr. Dunlap and two other top executives.

Revenue fell to \$244.3 million from \$253.5 million, mostly on weak sales of barbecue grills.

Mr. Dunlap, who took over Sunbeam in 1996, slashed 6,000 jobs and closed nearly three-quarters of its factories and warehouses before hunting for new businesses.

(Bloomberg, AP)



## Very briefly:

• Dell Computer Corp. signed contracts with Unisys Corp. and Wang Laboratories Inc. to provide worldwide service and support to Dell corporate customers, replacing Digital Equipment Corp.

• Sprint Corp. has been charged in a class-action lawsuit with misleading customers about expansion plans for the company's U.S. wireless-phone service. The lawsuit alleges that Sprint and other companies went back on a promise to expand their network nationwide using a technical standard known as Global System for Mobile Communications, or GSM.

• Groupe Publicis SA, a Paris-based advertising company, acquired the U.S. advertising agency Hal Riney & Partners. The price paid was not disclosed.

• AT&T Corp. and negotiators for two unions reached tentative agreement on a contract covering 51,800 workers across the United States.

• Citibank has taken control of the Mexican bank Confia SA, more than eight months after it originally agreed to buy the bankrupt bank, expanding its retail business in the Mexican market.

Bloomberg, IHT, Reuters

## Weekend Box Office

LOS ANGELES — "Deep Impact" dominated the U.S. box office over the weekend, with a gross of \$41.9 million. Following are the Top 10 moneymakers, based on estimates for Friday through Sunday.

	1	2	3	4	5	6	7	8	9	10
	Deep Impact	City of Angels	The Godfather Part II	Twelve Years a Slave	Twelve Years a Slave	Twelve Years a Slave	Twelve Years a Slave	Twelve Years a Slave	Twelve Years a Slave	Twelve Years a Slave
Gross	\$41.9 million	\$24.4 million	\$18.3 million	\$13.3 million	\$12.3 million	\$12.3 million	\$12.3 million	\$12.3 million	\$12.3 million	\$12.3 million
Weeks	1	1	1	1	1	1	1	1	1	1

## AMEX

Monday's 4 P.M. Close  
The 300 most traded stocks of the day, up to the closing of the New York Stock Exchange.

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

The Associated Press

## DEALS: SBC Offers \$65 Billion for Ameritech Amid a Wave of Stock Takeovers

Continued from Page 1

of 18.45 billion guilders (\$9.25 billion).

A counterpart to the takeover activity was Du Pont Co.'s plan to spin off as much as 20 percent of the shares in Conoco Inc., the first step in the chemical company's planned divestiture of the oil company. Du Pont's 1981 takeover of Conoco for \$7.6 billion, in which it bid against Seagram, was one of the earliest deals in the long advance of the stock market after the stagflation of the late 1970s. Seagram ended up with a stake in Du Pont, which it sold in 1995, around the time it purchased MCA.

If the SBC purchase of Ameritech would reach U.S. consumers from the West Coast, across its Southern stronghold, through the Midwest and into southern New England.

SBC already owns Pacific Telesis Group, which it bought last year for \$16.5 billion, and it is buying Southern New England Telecommunications Corp., which was not one of the seven spin-offs from the old American Telephone & Telegraph monopoly but is one of the larger of the many independent U.S. local-phone companies. The only one that is anywhere near the size of the Baby Bells, however, is GTE Corp. The deal would make Bell At-

lantic Corp., the Baby Bell that purchased its Northeast sibling Nyxnet Corp., the second-biggest local phone company, serving much of the Atlantic coast.

Ameritech has been one of the most active Baby Bells internationally, with \$7.5 billion invested in holdings in Europe such as a 42 percent stake in TeleDanmark AS, 17.5 percent of Belgacom SA, 29 percent of Matav Rt. in Hungary and

## U.S. STOCKS

20 percent of NetCom ASA, the Norwegian mobile-phone company.

It recently turned a \$1 billion profit by selling its 24.95 percent interest in Telecom Corp. of New Zealand, a company in which Bell Atlantic maintains a similarly sized stake. Ameritech reportedly said it planned to use the proceeds of the sale to expand in Europe.

SBC has a few smaller European holdings, but Bloomberg News reported from London that its purchase of Ameritech would lead to larger investments. It quoted John Clarke, an analyst at Daiwa Europe, as saying that Ameritech's "successful push overseas is a distinct part of the reason" that SBC sought to acquire the company.

Edward White Jr., the chairman of SBC, admitted the offer

would be a tough sell to regulators.

"Given the size and significance of the transaction, we expect close scrutiny but ultimate approval from regulatory authorities," he said.

SBC and Ameritech contended that their amalgamation would expand competition because they would be able to reduce prices thanks to economies of scale and to allow other companies that want to provide local telephone services more efficient support systems.

This logic was lost on the Consumer Union.

"This merger is extremely dangerous for consumers," The Associated Press quoted Gene Kimmel, co-director of the consumer group's Washington office, as saying. "It is the inevitable backslide toward monopoly and results from excessive deregulation and weak antitrust oversight."

AT&T Corp. also opposed the transaction, saying state and federal regulators "shouldn't even think about allowing this latest deal to go through until, at the very least, SBC and Ameritech have proven that consumers in their states have a real choice of local service."

The deal also would put pressure on the smaller BellSouth Corp. in the Southeast and US West Communications Group in the Rocky Mountain area to find partners.

## INTERNATIONAL FUTURES

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

High Low Last Chg Opt

## Apple Polishes New Macintosh Operating System

Bloomberg News

SAN JOSE, California — The biggest update for Apple Computer Inc.'s Macintosh operating system since 1984 will be released in the third quarter of 1999, Apple's interim chief executive, Steven Jobs, said Monday.

The system, MacOS X, is the centerpiece of Apple's software strategy. It marks another step in Mr. Jobs's strategy of scrapping old, complex plans and implementing simpler ones.

Since taking the helm 10 months ago, Mr. Jobs has shut down production of more than 15 products and replaced them with simpler machines.

"We've managed to fix a lot of things in the past 10 months," Mr. Jobs told software engineers at a conference here.

MacOS 10X will run applications software written for the current MacOS 8 operating system with only some of the programs needing "tuning up," Mr. Jobs said.

Apple's stock rose 50 cents to close at \$30.9375.

## France Starts

By Barry James

France's new president, Jacques Chirac, has taken office, marking the beginning of a new era in French politics.

Chirac, a member of the right-wing Rally for the Republic party, defeated Lionel Jospin of the left-wing Socialist Party in the second round of the presidential election.

Chirac's victory was seen as a mandate for a more conservative and pro-market approach to governance.

He is expected to focus on economic growth and strengthening France's position in the European Union.

Chirac's first task will be to appoint a new prime minister and cabinet, a process that is expected to take several weeks.

His appointment of a former minister of the Interior as prime minister was seen as a move to signal a shift in policy.

Chirac's victory was a surprise to many, as Jospin was widely expected to win the election.

The election results reflect a growing dissatisfaction with the current government and a desire for change.

Chirac's campaign focused on economic issues and the need for a strong leader.

His victory is seen as a sign of confidence in his leadership and a desire for a more stable government.

Chirac's first priority will be to address the economic challenges facing France.

He is expected to implement a series of reforms to stimulate growth and create jobs.

Chirac's victory is a historic moment for France, marking the end of a long period of political uncertainty.

His appointment as president was a testament to his popularity and leadership skills.

Chirac's first task will be to appoint a new prime minister and cabinet, a process that is expected to take several weeks.

His appointment of a former minister of the Interior as prime minister was seen as a move to signal a shift in policy.

Chirac's victory was a surprise to many, as Jospin was widely expected to win the election.

The election results reflect a growing dissatisfaction with the current government and a desire for change.

Chirac's campaign focused on economic issues and the need for a strong leader.

His victory is seen as a sign of confidence in his leadership and a desire for a more stable government.

Chirac's first priority will be to address the economic challenges facing France.

He is expected to implement a series of reforms to stimulate growth and create jobs.

Chirac's victory is a historic moment for France, marking the end of a long period of political uncertainty.

His appointment as president was a testament to his popularity and leadership skills.

Chirac's first task will be to appoint a new prime minister and cabinet, a process that is expected to take several weeks.

His appointment of a former minister of the Interior as prime minister was seen as a move to signal a shift in policy.

Chirac's victory was a surprise to many, as Jospin was widely expected to win the election.

The election results reflect a growing dissatisfaction with the current government and a desire for change.

Chirac's campaign focused on economic issues and the need for a strong leader.

His victory is seen as a sign of confidence in his leadership and a desire for a more stable government.

Chirac's first priority will be to address the economic challenges facing France.

He is expected to implement a series of reforms to stimulate growth and create jobs.

Chirac's victory is a historic moment for France, marking the end of a long period of political uncertainty.

His appointment as president was a testament to his popularity and leadership skills.

Chirac's first task will be to appoint a new prime minister and cabinet, a process that is expected to take several weeks.

# France Starts Minting the First Euro Coins

By Barry James  
International Herald Tribune

PESSAC, France — A glittering copper shower of coins poured from a high-speed press Monday to turn Europe's single currency from abstraction to reality.

In little more than 3 1/2 years, the coins produced at this plant near Bordeaux will circulate as legal tender from Helsinki to Lisbon as at least 11 European countries scrap their existing money and bring in the euro.

The French finance minister, Dominique Strauss-Kahn, pressed the button that produced Europe's first and silver-colored coin with a national French motif on one side and a map of Europe without frontiers on the other.

"In a few years, we will have this money in our pockets, and this illustrates the fact that we are moving to a new, concrete reality for 300 million people," he said.

The euro, which becomes Europe's official currency on Jan. 1, will be equal in value to the present European currency unit, or ECU, an accounting value based on a basket of currencies which on Monday was worth \$1.1099.

A couple of weeks ago, France rocked the European Union by pushing to the brink its demand that the new president of the European Central Bank, Wim Duisenberg, should step down early from his eight-year term to make way for the governor of the Bank of France, Jean-Claude Trichet.

Mr. Duisenberg will remain in office until at least the first half of 2002 to put his signature on the first euro banknotes, and oversee the introduction of the coins and notes that will soon be pouring out of plants like this all over Europe.

But now that the dispute over his appointment is behind it, France seemed keen to stress its commitment to the new currency by converting its mint to the new coins faster than anyone else and, Mr. Strauss-Kahn said, by enabling companies to conduct all their business with the government in euros starting on Jan. 1.

Making another point, Mr. Strauss-Kahn said the plant in Pessac would shift to a 35-hour week, in two shifts,

with no loss of productivity. The government is seeking to introduce a shorter work week by the turn of the century as a means of reducing unemployment, but also, it maintains, to improve flexibility and efficiency.

In a gigantic industrial endeavor, the largest of its kind ever undertaken, EU governments will produce some 70 billion euros worth of currency. It will take the entire three years to mint and print, store and distribute the currency. The factory at Pessac, a long, low building with about 30 high-speed presses, will work flat out producing about 12 million coins a day, in eight denominations ranging from one cent to two euros.

## Bonn Risks New Bank Dispute With Paris

By Barry James  
International Herald Tribune

BONN — Germany said Monday it would put forward a candidate to head the European Bank for Reconstruction and Development, risking another dispute with France over a prestigious European Union post.

Commenting on reports over the weekend that Finance Minister Theo Waigel planned to nominate his former top aide, Horst Koehler, for the job, the Finance Ministry confirmed there would be a German candidate but declined to elaborate.

The newswire Der Spiegel reported in its latest edition that Mr. Waigel favored Mr. Koehler, the current president of the German savings banks' representative body and a former state secretary to the Finance Ministry.

Mr. Koehler will remain in office until at least the first half of 2002 to put his signature on the first euro banknotes, and oversee the introduction of the coins and notes that will soon be pouring out of plants like this all over Europe.

But now that the dispute over his appointment is behind it, France seemed keen to stress its commitment to the new currency by converting its mint to the new coins faster than anyone else and, Mr. Strauss-Kahn said, by enabling companies to conduct all their business with the government in euros starting on Jan. 1.

Making another point, Mr. Strauss-Kahn said the plant in Pessac would shift to a 35-hour week, in two shifts,

After Mr. Strauss-Kahn struck the first euro, German-made presses started churning out one cent coins, which are made of copper-covered steel.

The euro will end the 638-year reign of the franc. In 1360 King John the Good struck gold coins to signify that his part of France was "franc des anglois," or free of English domination. Decimal coinage, with a franc divided into 100 centimes, was introduced throughout France by the revolution, giving the country an era of stable money until early part of the 20th century.

In 1958, France introduced a franc worth 100 old francs, which is

the money used today. Since the early 1980s, governments have closely tied the franc to the Deutsche mark, creating the backbone for the new currency. Apart from a few 10-centime pieces, France is no longer producing the franc.

Mr. Strauss-Kahn said that thousands of Finance Ministry employees would start visiting schools next week to explain how the new currency works. The government hopes that this will win acceptance of the euro from a skeptical public before its introduction less than eight months from now. He stressed that during the three-year interim period no one would be obliged to use euros.

"But it is correct to say that there are people in Germany who are qualified to carry out this important office," he said.

The comments came as the bank opened its annual meeting in Kiev. ■ **Lender's Plans for East**

The European Bank for Reconstruction and Development said it would create new financial products and make companies more transparent to help foster market economies in Eastern Europe.

The bank said it would help develop products such as leasing, home mortgages and car loans as well as support programs to encourage deregulation of the region's economies.

Mr. Waigel, speaking to reporters in Leipzig, declined to comment on reports that he would accept such a practice.

"If a company uses the advantages here, for example, outstanding skilled workers, roads, et cetera, yet barely pays taxes here, then that's unpatriotic," Mr. Lafontaine said.

The interview coincided with an appearance by the Social Democrats' candidate for chancellor, Gerhard Schröder, who paints himself

## Phone Firms Abroad Back U.S. Modem

By Seth Schiesel  
New York Times Service

NEW YORK — Several of the world's largest telecommunications companies agreed Monday to join a U.S. computer-industry group to work on ways to transmit huge volumes of information over standard telephone wires.

The Universal ADSL Working Group said British Telecommunications PLC, Deutsche Telekom AG, France Telecom, Nippon Telegraph & Telephone Corp. and Singapore Telecommunications Ltd. had joined the industry group.

ADSL stands for asymmetric digital subscriber line, a technology that the group said could allow consumers to link their personal computers to the Internet at speeds 30 times those of the most advanced modems generally available today.

Compaq Computer Corp., Intel Corp. and Microsoft Corp., three titans of the personal-computer world, announced the group's formation in January along with the six largest U.S. local telephone companies.

The group is trying to make ADSL-based modems available to the public by the end of the year. The support of the international phone giants promises to increase the group's prospects of developing a global standard for the phone-line technology. Many variants of the system have been invented. But without a single standard, phone companies have been reluctant to invest hundreds of millions of dollars in network equipment that could prove incompatible with other companies' systems.

The other carriers' support should make it easier for the working group to win the support of the International Telecommunications Union, which coordinates global technical standards. The group is hoping to get approval from the global agency for the technology by autumn.

As a bonus, the version of ADSL technology being developed by the group could provide simultaneous Internet and voice-phone access.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5400	6200	4200
5600	5900	3800
4700	5000	3000
4300	5300	3000
4000	5000	3000
3500	4700	2700
1997	1997	1997
1998	1998	1998
Exchange Index	Monday Close	Prev. % Change
Amsterdam AEX	1,182.35	1,163.95 +1.58
Brussels BEL-20	3,057.98	3,058.40 +1.26
Frankfurt DAX	5,341.68	5,257.58 +1.60
Copenhagen Stock Index	747.48	731.50 +2.18
Helsinki HEX Generali	5,026.04	4,928.28 +1.96
Oslo OBX	744.35	738.44 +0.87
London FTSE 100	6,028.38	5,968.80 +0.98
Madrid Stock Exchange	578.14	585.25 +1.98
Norway NIBEX	246.59	240.15 +2.68
Paris CAC 40	4,017.24	3,906.36 +2.94
Stockholm SX-35	4,151.46	4,086.57 +1.59
Vienna ATX	1,550.56	1,569.47 +0.71
Zurich SPI	4,830.12	4,772.98 +1.20

Source: Reuters International Herald Tribune

## Very briefly:

- Pearson PLC is considering buying the publishing businesses that Viacom Inc., which owns Simon & Schuster, has said it will sell.
- Seagram Co. is close to an agreement to purchase PolyGram NV for between \$9 billion and \$10 billion, people familiar with the situation said.
- Royal KNP BT sold its packaging division for 3.4 billion guilders (\$1.7 billion) to the European venture-capital companies Cinven Ltd. and CVC Capital Partners BV, which plan to seek a separate stock listing for the business.
- Thomson Travel Group PLC shares rose to 193.5 pence (\$3.17) from an initial price of 170 in their first day of trading. Thomson Corp. sold off the package-tour operator to focus on its core publishing activities.
- Courtaulds PLC, the chemicals company that has accepted a \$2.26 billion bid from Akzo Nobel NV, said another company had approached it about making a higher bid.
- SGS-Thomson Microelectronics NV will spend \$1 billion on research and pilot production sites in France and Italy.
- The European Commission will block a digital pay-television alliance between Bertelsmann AG and Kirch Group unless the German media companies make substantial concessions. But it did approve Allianz AG Holding's takeover of Assurances Generales de France, paving the way for it to form the largest European insurance group.
- The Czech Republic is dropping a quota system begun in January on European Union apple imports. Bloomberg, Reuters

## WORLD STOCK MARKETS

Monday, May 11  
Prices in local currencies.

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

## Markets Closed

The stock markets in Bangkok, Bombay, Kuala Lumpur, Jakarta, Manila and Singapore were closed Monday for a holiday.

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

Vienna ATX Index: 1,550.56  
Prev.: 1,569.47

Zurich SPI Index: 4,830.12  
Prev.: 4,772.98

## Montreal

Amsterdam AEX Index: 1,182.35  
Prev.: 1,163.95

Brussels BEL-20 Index: 3,057.98  
Prev.: 3,058.40

Copenhagen Stock Index: 747.48  
Prev.: 731.50

Frankfurt DAX Index: 5,341.68  
Prev.: 5,257.58

Helsinki HEX Generali Index: 5,026.04  
Prev.: 4,928.28

London FTSE 100 Index: 6,028.38  
Prev.: 5,968.80

Madrid Stock Exchange: 578.14  
Prev.: 585.25

Norway NIBEX Index: 246.59  
Prev.: 240.15

Oslo OBX Index: 744.35  
Prev.: 738.44

Paris CAC 40 Index: 4,017.24  
Prev.: 3,906.36

Stockholm SX-35 Index: 4,151.46  
Prev.: 4,086.57

## R

**The 1,000 most traded National Market securities**  
In terms of dollar value, updated twice a year.  
*The Associated Press.*

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

**Monday's 4 P.M. Close**  
(Continued)

[illegible]

## Malaysia

[illegible]

Continued from Page 13

## Chemical Sees Growth in China

waiting for a plane to  
to later than home.

son of the company's assets, which is 51 percent of OCT Petroleum Corp., was approved by the government. The company has been held to be able to import and export other products to and from China.

China sales now total \$560 million, out of the company's total of about \$2.6 billion. The Michigan-based company has established a holding company being last month in making investments in about \$100 million.

probably pay no income tax at all this year.

Another source of sales of power and steam contributed to the growth.

Hut, grown from a small, local, not easily accessible revenue source in Malaysia, was budgeted for during the late 1970s.

"It's not a matter of the fact that already."

■

ASIA/PACIFIC

# Philippine Rivals Agree in Praising Ramos on Economy

By Don Kirk  
International Herald Tribune

**CAVITE PROVINCE, Philippines** — They accused one another of stealing ballots and terrorizing voters Monday, but the candidates from this booming province south of Manila have one thing in common: They are both committed to the economic reform policies of the outgoing president, Fidel Ramos.

"The president is my godfather," said Governor Ramon "Bong" Revilla Jr., who was watching the re-

turns in the walled compound that he shares with his father, who was running for re-election as a senator.

"When I got married, he was one of my sponsors. I believe in him."

Evidence of the success of the Ramos economic program lies in the new six-lane expressway that runs the 24 kilometers (15 miles) south of Manila to the heart of the province, covering rich farmland and industrial areas bordering Manila Bay. New shopping malls draw crowds to high-fashion boutiques and mass-market stores, and more than 300

factories fill a special economic zone by Manila Bay.

"More investors are coming in," said the younger Mr. Revilla, who like his father was an action star in Philippine movies. "We are inviting more of them. That is why recovery here from regional recession is so fast."

In the rush to develop this province of 2.1 million people, however, no one has been more instrumental than Johnnie Remulla, a long-time governor who earned his nickname, "The Boss," from the

ferocity with which he ran the political machine that dominated this province until just three years ago.

Mr. Remulla, a real-estate tycoon with interests in factories, resorts and office buildings, lost that election after making the mistake of opposing Mr. Ramos in the 1992 presidential election.

He was defeated by a Ramos protégé whom Mr. Ramos named to his cabinet just two months ago so that the younger Mr. Revilla, then deputy governor, would become governor and have a better chance at winning

the post in his own right Monday.

Vowing revenge, Mr. Remulla picked another real-estate developer to run for governor and persuaded one of his sons, JonVic Remulla, to run for deputy governor. The father not only funded his son's campaign but served as campaign manager.

The younger Mr. Remulla, who shares a walled compound with his father about two miles down the highway from that of the Revilla clan, recognized one aspect of industrialization that his father was perceived as overlooking during more than 12 years as governor: the power of a rapidly growing labor force.

"My father suffered from an image problem," he said. "He's a traditional politician. He was portrayed as anti-labor."

JonVic Remulla has little trouble identifying with Joseph Estrada, the vice president and front-running presidential candidate, who ran against Mr. Ramos's man, Jose de Venecia. "Estrada's policies are very pro-poor," said JonVic Remulla, promising to focus on "improving education and opportunities for the people."

Basically, however, JonVic Remulla could see no difference between Mr. Estrada and Mr. Ramos, at least when it came to liberalizing the economy, encouraging foreign investment and opening up markets.

"Estrada has the same platform as Ramos," he said. "It will be just a continuation of the same economic policies."

If the candidates agreed that the policies of the past six years of Mr. Ramos were correct, they scoffed at one another's ability to carry them out. "Governor Revilla and Senator Estrada have no advocacies," said JonVic Remulla. "Neither has any clear-cut policy."

The younger Mr. Revilla counters with what he calls "a 12-point program offering a 20-20 vision" for the future. His next dream, he said, was to turn the Philippine Navy base at Sangley Point into a port rivaling Manila or Subic Bay, the former U.S. Navy base.

But both Governor Revilla and his father, the senator, admitted a certain affection for Mr. Estrada as a fellow actor. "I'm an action star just like Estrada," said the senator, who, like Mr. Estrada, has had children by several women. "He was a very good actor."

The senator said he had joined Mr. Ramos's party to support his son's political ambitions. Still, he recognized Mr. Ramos's accomplishments. "He has a very good economic policy," he said. "He's one of the best presidents we've ever had."

Investor's Asia			
Exchange	Index	Monday Close	% Change
Hong Kong Hang Seng	13000	10,056.37	+0.38
Singapore Straits Times	2000	1,420.75	
Tokyo Nikkei 225	17000	15,148.00	+1.54
Sydney All Ordinaries	2000	2,787.50	+0.61
Kuala Lumpur Composite	1000	580.05	
Bangkok SET	1000	386.42	
Seoul Composite Index	3000	374.60	-3.48
Taipei Stock Market Index	8000	8,378.88	+2.05
Manila PSE	1000	2,209.95	
Jakarta Composite Index	1000	4,346.65	
Wellington NZSE 40	2000	2,245.74	+0.72
Bombay Sensitive Index	1000	4,022.20	

## Very briefly:

- China's industrial production grew 7.9 percent from a year earlier, to 608.7 billion yuan (\$73.6 billion), in the first four months of 1998, the state statistics bureau said, compared with growth of 11.4 percent in the like period a year earlier.
- Pizza Hut in Singapore is seeking Muslim religious leaders' approval to try to increase sales, the Straits Times said. The Islamic Religious Council of Singapore said it received an application last week from the company saying Pizza Hut planned to replace the ham in its Hawaiian pizza with chicken and to drop beer from its menu.
- Fidelity Investments plans to challenge Bankers Trust's dominance of international retail investment funds in Australia through an alliance with Perpetual Trustees Australia Ltd., a domestic fund manager and trustee company.
- China has ruled out the possibility of lifting its ban on direct selling in the near future, an official of an American direct-selling company said. The ban, announced last month, has forced companies including Avon Products Inc., Amway Corp., Sara Lee Corp. and Mary Kay Cosmetics to suspend their China operations.
- LG Metal, South Korea's largest electrolytic copper-smelting concern, said it was negotiating with Nippon Mining Co. and others about finding a buyer for the company.
- Haseko Corp., a major Japanese home-builder, said it would prune its payroll 10 percent over the next year to cope with a prolonged decline in housing starts.
- Thailand's rice industry is headed for trouble as more than 2,000 millers have defaulted on loans in the past two months, the newspaper The Nation reported.
- Australian tourism has suffered significantly from Asia's economic crisis, with operators expecting weaker sales and job losses over the rest of 1998, a top tourism official said.
- Suzuki Motor Corp. has not made a decision on possible collaboration with General Motors Corp. in Europe, a Suzuki spokesman said.

## Moody's Cuts Ratings On Big Korean Banks

Compiled by Our Staff From Dispatches

**SEOUL** — Moody's Investors Service Inc. lowered its debt ratings Monday on the state-run Korea Development Bank and 18 other South Korean banks, dealing a new blow to the nation's struggling economy.

The U.S. rating concern said its action reflected the continuing deterioration of the banks' financial condition.

Moody's cut its long-term debt rating on Korea Development Bank — South Korea's biggest bank — and Export-Import Bank of Korea, which finances trade, to Ba2 from Ba1. The rating for Industrial Bank of Korea, which lends to small and medium-sized businesses, was cut

two notches, to Ba3.

Moody's also lowered its senior and/or subordinated debt ratings and financial-strength ratios on 15 other South Korean banks, saying the country's financial crisis continued to put its commercial banks under "increasing stress."

The ratings action was a new blow to South Korea, which sought a rescue package from the International Monetary Fund late last year that is now valued at about \$57 billion. As part of that deal, South Korea agreed to put its banking sector in order.

Dealers said the cuts in ratings further pressured the Seoul Stock Exchange, which has recently weakened on concerns over labor unrest and regional issues.

The exchange's main index closed Monday at 361.58 points, down 13.02 points, or 3.48 percent.

Also on Monday, leaders of South Korea's biggest conglomerates warned the government not to back down on legislation allowing them to lay off workers, while labor unions were angered by the government's rejection of an application to legally recognize the Korean Confederation of Trade Unions.

## Japanese Capital Flows Overseas After Rule Change

Reuters

**TOKYO** — Japanese capital rushed overseas in April, the Foreign Ministry said Monday, with 3.09 trillion yen (\$23.17 billion) in net capital flowing out of the country in April, compared with a net inflow of 7.83 billion yen in the previous month.

The exodus came after the government revised its Foreign Exchange Control Law to liberalize cross-border capital transactions. The changes, which took effect April 1, are part of Japan's "Big Bang" deregulation package.

Dealers said that if the outflow continues, the yen is likely to be held back against other currencies.

"About half of net overseas investment by Japanese might be due to the revision of the foreign exchange law," said Kazuo Uchida, chief strategist at Tokyo-Mitsubishi Securities Co.

The rest was a result of institutional investors buying back foreign securities after selling them to record profit in March, the conclusion of Japanese financial year, he said.

Japanese investors' foreign securities purchases totaled a net 2.84 trillion yen in April, while foreign investors sold a net 250.9 billion yen worth of Japanese stocks and bonds, the ministry said.

In March, Japanese investors sold 951 billion yen worth of foreign stocks and bonds, while foreigners bought 169 billion yen worth of Japanese assets.

Prosecutors sought arrest warrants for a former presidential aide and the former head of a bankrupt car company accused of aggravating South Korea's economic crisis, The Associated Press reported.

The men are Kim In Ho, a former economic aide, and Kim Sun Hong, a former head of Kia Motors Corp. Kim Sun Hong was accused of diverting 30 billion won (\$21.6 million) in company funds to purchase Kia stocks to maintain his managerial rights. He also was charged with illegally demanding that Kia



Andrew Grove, chairman of Intel, speaking Monday in Taipei.

## Intel Sees Taiwan Business Rising 50%

Reuters

**TAIPEI** — Tapping into the strength of Taiwan's personal computer market, Intel Corp., the American microprocessor giant, forecast Monday that its business in Taiwan would increase 50 percent in 1998.

"Since 1995, Asia has become the PC hub of the world," said John Davies, Intel vice president and general manager of Asia Pacific.

Intel said it expected its con-

tracting in Taiwan to grow to \$240 million this year from \$162 million in 1997.

Intel also announced a donation of 80 Pentium II 400 MHz developing systems to 10 Taiwan software companies. They would be used to develop more Pentium II-supported software.

With Taiwan's huge production of motherboards, graphic cards, scanners and notebooks, Mr. Davies said Taiwan was "a huge piece of the market."

Motors guarantee 400 billion won in debt incurred by several of its subsidiaries. A former finance minister, Kang Kyong Shik, already has been charged with worsening South Korea's economic crisis by ignoring signs of its arrival last year.

## Malaysia to Lend \$250 Million to Indonesia

Compiled by Our Staff From Dispatches

**CAIRO** — Malaysia will lend \$250 million to Indonesia to help it overcome the fallout of the Asian financial crisis, Saadillah Mursjid, an Indonesian minister of state, said here Monday.

The aid is designed to bridge the gap until the next installment of Indonesia's IMF bailout package arrives, said Mahathir bin Mohamad, prime minister of Malaysia. Indonesia will repay the loan once the International Monetary Fund releases the balance of its rescue package.

Mr. Mahathir is attending a summit meeting of developing countries in Cairo. President Suharto of Indonesia is also attending.

"We try to help as much as we can,"

Mr. Mahathir said. "We cannot interfere in our neighbor's affairs but we will help as much as we can. We also want to know what else we can do."

When Mr. Mahathir said last week that Malaysia was considering an additional loan to Indonesia, the suggestion triggered protests from an opposition party.

"How is it that there is enough money now to rescue Suharto while waiting for the IMF to deliver its loans to Indonesia?" said Syed Husin Ali, chairman of the tiny Malaysian People's Party.

"If the ordinary Indonesian people are not going to benefit, then it is much better for the additional loan to be scrapped," he said. "Is it not more useful to help the ordinary people in Malaysia?" (AFP, AP)

## WIRED: Brash Digital-Era Magazine Joins a 'Dead Tree' Empire

Continued from Page 13

Jon Katz, who writes a media column for Hotwired, Wired's on-line publication. "The question for Conde Nast is, Can they leave it alone, or will they force it into the mold of their other achingly hip, sweet-smelling, narcissistic magazines?"

But Ms. Heron, who worked at The New Yorker and Vanity Fair before her stint at Wired, said the acquisition was consistent with the new direction the magazine had been seeking.

"In the beginning, Wired had to scream and rant and rave, partly because no one knew what we were talking about and partly because it was a way to get attention," she said. "We don't need to proclaim a revolution anymore. What I'm interested in doing is taking this magazine, which has built a great brand but not the ability to promote that brand, and take it to the next level. Getting this kind of recognition from someone like

S.L. Newhouse will help us do that."

Ms. Heron said Mr. Newhouse, whose company was already an investor in Wired, called her Friday morning to express confidence in the magazine and to assure her it would remain in San Francisco.

"We have long admired Wired for its innovative approach to publishing and its strong editorial voice," the media magazine said in a statement. "We look forward to working with existing management to grow the magazine further."

Mr. Newhouse made a last-minute offer for the magazine just as plans were being completed to sell it to Los Angeles-based Miller Publishing, the owner of Spin and Vibe. Analysts said the acquisition would help Advance expand its reach into a new market.

"I suspect," said Martin Walker, chairman of Walker Communications, a publishing consulting company, "they've come to realize they've pushed the envelope as far as they can go with

beauty and fashion magazines, so they're stretching for new ideas. But there may be some culture clash. Those people don't care whether they're wearing Chanel originals. That's not one of their motivating forces."

Wired put out its first issue in January 1993, just as the Internet began to get trendy. It drew criticism for its relentless utopianism and its boosterism for the technology industry that supplied many of its advertisers. But it also inspired a generation of digital entrepreneurs, attracted consumer advertisers such as Volvo AB and Absolut Vodka and won a National Magazine Award last year for general excellence.

"There would be no cyberbusiness, no cyberculture without Wired," said Michael Wolfe, author of "Burn Rate," an account of the Internet boom of the 1990s soon to be published by Simon & Schuster. "I can't tell if this is the end of Wired or a new chapter for Wired and for this whole business."

## MALAYSIA: Budget to Slip Into Deficit

Continued from Page 13

"We're talking about a collapse in the revenue base for the government," Mr. Jomo said. "Many companies will not be paying much income tax at all this year."

Another factor is that, in recent years, sales of government assets such as power and telephone companies greatly contributed to budget surpluses.

But, given the depressed state of the financial markets, the government cannot easily turn to asset sales to raise revenue.

And then there is the issue of pride. Malaysia wore its growth rate and budget surpluses as a badge of honor during the boom years.

"It's not even a question of pride any more," Mr. Razak said. "We've lost that already."

■ **Minister Chastises Foreigners**

A senior Malaysian official accused foreign analysts Monday of spreading

rumors about the country's economic health. The Associated Press reported.

The primary-industries minister, Lim Keng Yaik, charged that foreign analysts, some of them working for credit-rating concerns or the mass media, had an agenda of their own aimed at financial and political gains, the Bernama news agency reported.

"The people need to be aware of this and not to react to the economic turmoil by looking inward and start arguments within ourselves," Mr. Lim said. He did not elaborate.

With its financial markets in turmoil and the ringgit down by 40 percent since last year, many Malaysian leaders have blamed currency speculators, analysts or the Western press for some of the problem.

Last week, Mr. Mahathir criticized Standard & Poor's Corp. for lowering Malaysia's long-term foreign currency and local-currency ratings as well as the local-currency rating on the power utility Tenaga Nasional Bhd.

## Dow Chemical Sees Clearance in China

Bloomberg News

**BEIJING** — Dow Chemical Co. expects approval for its planned joint-venture trading company in China "no later than June," Michael Lung, president of the company's China operations, said Monday.

The venture, which is 51 percent owned by Shenzhen OCT Petroleum Trading Group Corp., was approved last June, but its opening has been held up by government reorganization. The venture would be able to import and export chemicals or other products to or from any port in China.

Dow China sales now total \$500 million a year, out of the company's Asian sales of about \$2.6 billion last year. The Michigan-based company established a holding company in Beijing last month to handle its existing investments in China of about \$100 million.

On June 8th,  
the International Herald Tribune will publish  
a Special Report preview of

# The World Cup

For the expert and the uninitiated, the Special Report will not only provide insight and analysis on the teams, the stars and the competition that will unfold on the field. It will also include useful tips and background aimed at helping visitors make the most of their stay in France outside of the stadiums.

Rob Hughes, the IHT soccer columnist and one of the most provocative writers on the sport, will look ahead to the five weeks of twists and turns to the World Cup Final, examining the contenders and pretenders.

John Vinocur, the IHT's Chief Correspondent and a lifelong student of the game, will look beyond the corner kicks to the metaphor that soccer has been and remains, a point of cosmic global spectacle.

Christopher Clarey, the globetrotting IHT sportswriter, will bring his pinpoint descriptions to the report, looking at the hosts, an international team for an international event and a symbol of the French melting pot.

Patricia Wells, the IHT's renowned restaurant critic, and Barry James, a veteran IHT correspondent, will team up to offer visitors a touch of history and a taste of smart touring and dining tips for all of the World Cup host cities.

The Special Report will also include a full schedule of World Cup matches throughout France, with an accompanying map, and a concise guide to the television stations around the world planning to broadcast World Cup matches.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.

**International Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER  
www.ihl.com

available on Internet: <http://www.ihf.com/IHT/FUN/funds.html>

For information on how to list your fund, fax Katy Hourli at (33-1) 41 43 92 12 or E-mail: [funds@iht.com](mailto:funds@iht.com)  
To receive free daily quotations for your funds by E-mail: [subscribe@e-funds@iht.com](mailto:subscribe@e-funds@iht.com)

[illegible]

# Private Banking

## Trusts Cast Off Fusty Image

By Barbara Wall

**M**ANCHESTER — If the mention of trusts and trust funds conjures up images of old money and bespoke private banking arrangements for the truly wealthy, think again. Trusts can be a useful and cost-effective financial planning tool for individuals with modest fortunes who wish to preserve family assets and ease the settling of their financial affairs after death.

Carlyn McCaffrey, a partner in the New York law firm Weil, Gotshal and Manges, suggested that middle-class clients with a net worth of \$100,000 to \$200,000 could consider setting up a trust fund as part of their general financial planning.

However, she said, many people fail to take action because they are afraid they might lose control over the trust assets and impose too many restrictions on beneficiaries.

"While some of the old-style trusts were inflexible, modern trusts are more imaginative and user-friendly," Ms. McCaffrey said. "One type of



David Chambers said that more people are using charitable trusts.

trust that is gaining in popularity is the lifetime, or spendthrift trust. This arrangement makes sense for parents who do not want their offspring to have immediate access to their inheritance.

"The power to appoint trustees and to act as a co-trustee gradually devolves to the beneficiaries, allowing them the same control over the un-

derlying assets as if these assets were passed on in a will."

Another advantage of the trust, Ms. McCaffrey added, was that if one of the beneficiaries got into financial difficulties, creditors would not be able to make a claim on the trust assets.

David Chambers, chief executive officer of Merrill Lynch Trust Company in New York, says he has noticed an increase in the use of charitable trusts, in which the settlor leaves a capital sum to charity and holds the income in a trust fund, or vice versa.

"Charitable trusts have proved popular with clients who want to leave charitable bequests and hold appreciated securities which they want to cash in to provide a regular income," he said. "If the securities were surrendered in the client's own name, the proceeds would be hit by capital gains tax."

Another type of charitable trust leaves the income to charity and the capital sum remains in trust. If the capital sum is left to beneficiaries in a

Continued on Page 20



## Riding Crest of Equity Wave

Europeans Clamor to Up Ante in Stock Portfolios

By Sharon Reier

**P**ARIS — As European stock markets rocket upward, private bankers from Zurich to London say they face a growing challenge to keep clients' feet on the ground.

Traditionally, European clients "had a different risk anticipation of the stock market than U.S. clients," said Marcus Bischofsberger, office manager at Merrill Lynch Private Bank in Zurich. "U.S. clients learn very early about the markets when they go to school. In Europe, that education process is just beginning."

When Mr. Bischofsberger left for assignment in the United States several years ago, he said, Europe had few television programs that dealt with markets. When he returned several months ago, "they were all over the place."

As little as two years ago, said Carlos Perez-Parada, senior investment executive for Europe, Middle East and

Africa at Chase Manhattan Private Bank in Geneva, a typical conservative customer had all his financial assets in bonds and money-market equivalents, and was looking for total returns on time deposit plus a few points.

A transition has meant the same conservative clients now put 20 to 25 percent of his assets in equities. "We don't see people as getting euphoric," cautioned Ono Waser, head of investment research at Bank Julius Baer Private Banking. "But people who would normally say 'no more than 30 percent of my portfolio in equities' are now willing to accept 50 percent in equities easily."

Temptation is everywhere, Mr. Bischofsberger said. "Clients see how stock markets have performed in the last two years and guess it will go on this way, and even if they are only rising at half this rate they will make money."

Since autumn, the European markets' gains have been "almost uninter-

ruptible," said Bruce Russell, head of global research and investments at Barclays Private Banking in London. Germany's DAX index has moved from 3,800 to more than 5,000 since November. And in fringe markets like Finland, Portugal and Ireland, markets have risen more than 50 percent in the first quarter of 1998.

Meanwhile, Italian, Spanish and Portuguese investors who have been accustomed to double-digit returns from bonds, are now seeing yields shrink to 6 percent.

Of course, European stocks have had their heady moments before. But according to Mr. Perez-Parada, recent client behavior during adverse market conditions shows a definite attitude change. He cited as a litmus test the Asian crisis. In the past, he noted, after the coup in Russia or when there was a rift over Economic and Monetary Union, clients dashed out of equities. They were viewed as purely speculative. "This

Continued on Page 20

## Treading Gingerly for Asian Assets

By Thomas Fuller

**K**UALA LUMPUR — Private banks in Asia have taken on a new job in the last few months: helping rich European and American clients pick through bargain assets amid the rubble of the region's economic crisis.

Devalued currencies, plunging property values and the emergence of a cash crunch at once-thriving companies have created, in theory, a shopper's paradise for foreign buyers.

David Cripps, senior portfolio counselor at the Hong Kong office of Citibank Private Bank, says his bank has helped clients from Europe and the United States look at hotels and private companies of all sorts in Hong Kong.

"Cheap markets attract attention," he said. Investors "want to position themselves in tangible businesses in Asia — buying property, participating in businesses in one form or another. They see it as cheap and depressed and they have confidence in the long-term viability of the region."

But far from a shopping spree, Mr. Cripps and other private bankers in Hong Kong and Singapore say, the interest shown by European and American clients might better be described as window shopping.

Wealthy private bank clients that have come to the region looking for bargains have been frustrated, just as many foreign companies have. One reason: Private bankers say that in many cases it is still too early to judge the value of both tangible investments, such

as real estate, and portfolio investments, such as stocks and bonds.

"I've had many calls from people asking if it's already time to invest in Asian financial instruments," said Juerg Kiener, chief investment officer in Singapore for the Asia-Pacific region at Union Bancaire Privée, a Swiss bank.

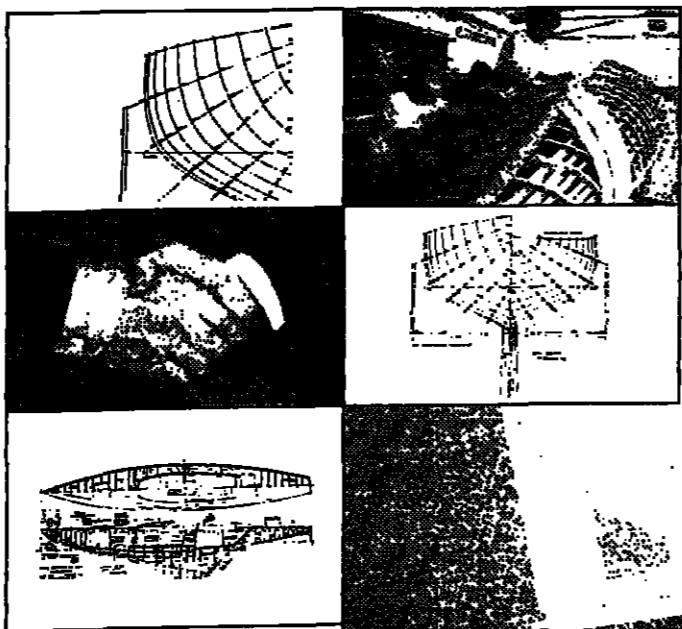
"A lot of Latinos who've gone two or three times through boom-bust cycles are willing to bet on Asia and are looking for opportunities. But a lot of them are frustrated when they start seeing where the valuations are."

One such valuation is the price-earnings ratio — the price of a stock divided by the most recent profits per share. Mr. Kiener said that while markets in Latin America during the bust cycle dropped

Continued on Page 21

Private Banking  
International

## HOW TO BUILD



When you build the boat of your dreams, you know it was essential to call upon professionals. Only they had the skills and experience to understand your goals and make your project a reality. In very much the same way, when it comes to Private Banking, you'll benefit from Credit Lyonnais' more than 100 years of know-how. We know the value of listening first to fully understand your plans for future generations. Only then do we respond with just the right asset management solutions and investment strategies specifically adapted to your needs.

## A PARTNERSHIP

Let's talk.



CREDIT LYONNAIS

Your partner.

PRIVATE BANKING INTERNATIONAL  
SWITZERLAND: PLACE BEL-AIR, 1204 GENÈVE TEL. 41 22/705 62 06 • HEADQUARTERS FOR CREDIT LYONNAIS PRIVATE BANKING INTERNATIONAL  
BASEL TEL. 41 61/284 22 22 • ZÜRICH TEL. 41 1/217 86 86 • LUGANO TEL. 41 01/923 51 65  
PARIS TEL. 33 1/42 95 03 05 • LUXEMBOURG TEL. 352/476 831 1 • LONDON TEL. 44 171/499 91 46 • MONACO TEL. 377/93 15 73 34  
VIENNA TEL. 43/1/531 50 120 • MONTENAPOLU TEL. 598 2/96 35 14 • MIAMI TEL. 1 305/375 78 00  
HONG KONG TEL. 852/28 26 79 88 • SINGAPORE TEL. 65/333 63 31

Wouldn't you expect  
your Private Banker to have  
connections in all the  
best places?



ABN AMRO Bank is one of the few financial institutions offering Private Banking services in all major financial and offshore centres.

<http://www.abnamro.com>

ABN AMRO BANK IS UNIQUELY CONNECTED THROUGHOUT THE WORLD TO PROVIDE HIGH QUALITY SERVICE TO ITS PRIVATE BANKING CUSTOMERS. WITH THE RESOURCES OF ONE OF THE WORLD'S LARGEST BANKS, OUR EXPERIENCED PRIVATE BANKERS ARE EQUIPPED TO FIND SOLUTIONS THAT MEET YOUR OWN PARTICULAR NEEDS. FOR MORE INFORMATION ABOUT HOW YOU CAN BENEFIT FROM THE PERSONAL GUIDANCE OF AN ADVISOR WITH A GLOBAL PERSPECTIVE, PLEASE CONTACT ABN AMRO PRIVATE BANKING.

GENÈVE, JAN WESTRA, TEL. (41-22) 819 7777, FAX (41-22) 819 7785.  
ZÜRICH, EUGEN SCHWYZER, TEL. (41-1) 631 4241, FAX (41-1) 631 4185.  
LONDON, MARIA LACOUSSE, TEL. (44-171) 471 5151, FAX (44-171) 415 8296.  
SINGAPORE, PETER KOK, TEL. (65) 331 8776, FAX (65) 534 5200.  
MIAMI, MARIA ESPARTELL, TEL. (1-305) 372 1596, FAX (1-305) 372 2397.  
MONTEVIDEO, JOHN BISCOMB, TEL. (598-2) 711 6444, FAX (598-2) 711 0761.

**ABN AMRO Bank**  
Private Banking

## PRIVATE BANKING / A SPECIAL REPORT

## In Latin America, New Wealth Shakes Out Old Family Habits

By Aline Sullivan

**N**EW YORK — As their Asian and Middle Eastern clients renege, private bankers are turning to Latin America, where stable economies and rapidly growing markets are encouraging investors to shed some of their conservatism.

"There has been a huge increase in wealth levels, particularly in Brazil, Argentina and Chile, but also in some of the smaller markets," said Edward Montero, the Latin American division executive at Citibank Private Bank in New York. "Even Mexico is starting to grow again after years in the doldrums."

Indeed, high net worth investors in Latin America will account for \$3.8 trillion, or almost 17 percent, of the total wealth held by individuals with investable assets of more than \$1 million by 2000, predicted Merrill Lynch and the London-based management consultancy Gemini Consulting in their 1998 World Wealth Report published in late April. That compares with just \$2.5 trillion, or 14 percent of the total last year.

Bankers attribute much of this growth to a surge in stock market listings among family firms in Latin America eager to take advantage of high share values. "There is a lot of nostalgia, particularly among the older members of the families, but the younger generation sees the success of the privatizations and wants to cash in," said a Miami-based banker who asked not to be identified. "It can be sad for the families, but it is certainly great for us."

Not surprisingly, Latin America has become the fastest-growing region for



Photo: Ken Felt/The Washington Post

The locale is Buenos Aires but the ambience is European. Inset, graph shows Latin America's rising affluence.

At the same time, the economic environment in much of the region is encouraging entrepreneurs. Governments are selling state-owned companies whole or in substantial chunks, eliminating export taxes, reducing trade barriers and opening up the private-banking sector.

Not surprisingly, Latin America has become the fastest-growing region for

many private banks. "Europe is over-banked, Asians are repatriating their money, and Middle Eastern oil prices are not what people in that region would like," said Stephen Owen, a manager at Brown Brothers Harriman & Co. in New York. "But in Latin America we are seeing a lot of new wealth being created."

This new wealth is accompanied by a

degree of new confidence. For decades, Latin American investors who have high net worth have been eager to get their money out of their countries and their region. They considered their home and businesses more than ample exposure to their volatile economies and were interested only in the most conservative and discreet U.S., European and off-shore investments.

"Capital preservation has always been the ultimate goal of most Latin American private banking clients," Mr. Owen said. "They can not tolerate negative returns. They say: 'Here is \$5 million. Don't lose it.' They want to feel that if things get sticky at home they can leave and live on their \$5 million in the U.S."

Today, however, there appears to be a new willingness among some clients to keep at least part of their money at home. Onshore investment is growing in popularity as governments try to create a more favorable tax and regulatory environment.

In Brazil, for instance, investors have recently been allowed to invest more freely abroad. As a result, traditional, lower-yield and lower-risk investments in bank deposits and bonds are falling from favor as their returns decline while equities are growing in popularity.

"These investors are now interested in a broader array of products, including some of the paper investment products of their home countries," said Mr. Montero of Citibank. "Their decisions have always depended on economic conditions and, although offshore investments remain crucial, they are now choosing to also reinvest in their own country and region."

Diego Polenghi, head of the Latin America division at Credit Suisse Private Banking in New York, seconded that view. "It's a brave new world in Latin America," he said. "Today's clients aren't carrying the heavy inflation burden of their fathers and grandfathers, so they have a much longer investment horizon and a much greater confidence in their own economies, particularly in

Brazil which is the engine of the region."

Rosario Perez, the Latin America market manager for Chase Manhattan Private Bank in New York, observed that private investors are expanding their view not only by choice but also by necessity. "Clients in Latin America are facing increased industry consolidation and intense global competition. This has changed the way they view financial services providers."

"They have shifted from traditional, offshore private banking products to integrated, global solutions which address a complex set of business and personal needs," Ms. Perez said. "Ideally, they want these solutions delivered by a single global provider who can advise them on regional and global issues ranging from tax and regulatory reform to the latest alternative investment opportunities."

**T**HAT is good news for banks in the United States, several of whom are winning business in the region away from their European — mostly Swiss and Spanish — and local competitors. "When business is good, the Latin Americans want dynamic partners who will be able to focus on their total balance sheets, not just the offshore portion," Mr. Polenghi said.

"These are perceived to be American. European banks, which have a more conservative image, do better when their clients are suffering."

ALINE SULLIVAN is a free-lance journalist based in Greenwich, Connecticut.

## After Cold Shower, Asians Take Shelter Under High-End Umbrellas

By Philip Segal

**H**ONG KONG — The better part of two generations of wealth has gone up in smoke in many Asian countries over the past six months, yet to hear the private bankers tell it, the competition was always the worst affected.

Industry analysts seem to agree that Asian investors are giving private banks a vastly diminished pool of funds under management compared with a year ago because many rich clients had to dip into savings to prop up failing businesses. "They'd set it aside for a rainy day, and it started pouring," said a trust lawyer in Hong Kong.

Asia's wealthy are also waking up to the need to diversify their holdings, the

analysts say. In addition, as Japan's increasingly shaky economy lurches toward recession, deflation, or maybe collapse, there has been a flight from Asian institutions and toward entrusting more wealth to Western banks.

"People are running to both the Citis and Chases and the Julius Baers," said Mark Kantor, an international finance partner in the Washington office of the law firm Milbank, Tweed, Hadley & McCloy. "But you won't see many of them running to the Japanese institutions as they would 10 years ago." Flight money is coming mostly from local institutions, especially in countries with decimated financial sectors such as Indonesia and Thailand.

The bigger imponderable is: Where within the higher-quality bracket is the money tending to land?

The managing director of HSBC Private Banking in Hong Kong, Monica Wong, said her bank was in better shape than its competitors after several European banks lent too aggressively against the real estate holdings of their clients.

Citibank's head of private banking operations in Asia, Deepak Sharma, said he had increased the size of his bank's private assets under management in the region.

Mr. Sharma, based in Singapore, said that the way clients were looking at wealth management had changed. "Before they would have gone much more local, with lots of single country, single currency investments," he said. "One of the things they've realized is that diversification is key."

The need for diversity and a truly global presence is the tune Citibank and

the other giants have been trumpeting for several years. So as the biggest and most global, why would Citibank — soon to be much bigger as the new Citigroup after its merger with Travelers Group — or Chase Manhattan ever lose out to smaller European outfits?

A longer tradition of private banking and more personal service is one reason. Another, according to a Hong Kong-based head-hunter with a financial industry practice, is less talked about: "If you're an Asian with a green card or an American passport, you won't go to a U.S. organization if you're looking to put some of your wealth offshore," he said. "Asians don't always declare all assets or income."

Yet for those who do, a Philadelphia-based trust law specialist said, there has been a definite movement into the United States. "Among clients who have come to live in the U.S. who had offshore funds, the tendency has been to move into U.S. trusts and to use U.S. advisers," said Stanley Joffe, who runs the international trusts and estates group at the Cozen and O'Connor law firm.

Country of domicile aside, there is another downside to a bank or brokerage

that claims to be a one-stop shop in wealth management: the suspicion that the private banker is pushing in-house products that may not be best-suited to a particular investor, but may earn the banker a fatter commission than an outside mutual fund or customized option.

The big-is-not-always-best approach is emphasized by one of the newer private banks operating in the region, Banco Santander Suisse HK, a Swiss bank owned by a Spanish one, Banco Santander. "As private bankers, we try to detach ourselves from the rest of the institution," said Manuel Alvarez de Toledo, the bank's chief representative in Hong Kong. Customers are not pushed into investment products and appreciate the choice, he said.

**B**ECAUSE they are moving a greater share of their assets out of the region, Asian investors are more in need of a trusting relationship with their bankers. Before the crisis, about 80 percent of money managed in Asia was "advisory," meaning bankers simply followed the instructions their clients gave them. Today, bankers say they are given

greater leeway to manage because Asian millionaires who know their own backyards realize they are in the dark when it comes to buying stocks or bonds in Europe and the United States.

Ms. Wong at HSBC said that her clients' assets — businesses and properties — were now about half in Asia, half out of the region. That still means those assets remain overly weighted in Asia, not including Japan, which in a model global portfolio is no more than 10 percent.

Not everyone is convinced that Asian investors have learned their lesson. "If in two or three years we were to see a strong equity market in the region, they'll go back to the same problems as in the past," said Mr. Alvarez at Santander.

More optimistic is Bank of America's Mr. Moody. For him, the crash in Asia may not necessarily have brought a huge increase in business, but will prove to be "a positive thing in the long term."

"It's going to breed better-educated investors," he said, "which helps to create more perfect markets."

PHILIP SEGAL is a special correspondent for the International Herald Tribune in Hong Kong.

Global Private Banking

## TRULY EXCEPTIONAL SERVICE STARTS WITH CAREFUL LISTENING.



Headquarters of Republic National Bank of New York  
(Suisse) S.A. in Geneva

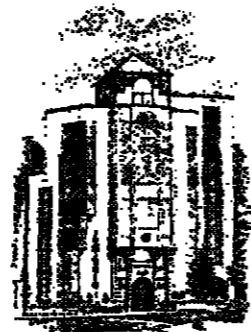
In private banking, as in every business, there are short cuts.

For example, it may make sense to some banks to offer "standardized" service that meets the needs of one and all. More or less.

At Republic we prefer to custom-tailor our services. We assume that no two clients are exactly alike — and careful listening invariably proves us right.

It is why your Republic Account Officer makes sure to obtain a precise picture of your financial goals, time frame, risk acceptance and other key factors. He keeps these constantly in mind as he looks after your interests.

So year after year, you can count on us for the exceptionally complete, timely and personalized service that makes Republic truly unique.



Headquarters of Republic National Bank of New York  
(Luxembourg) S.A. in Luxembourg



**Republic National Bank of New York**  
Strength. Security. Service.

Geneva • 2, place du Lac • Tel: (+41 22) 705 55 55 • Fax: (+41 22) 311 99 60  
Zurich • 5, Paradeplatz • Tel: (+41 1) 215 55 55 • Fax: (+41 1) 215 55 56  
Luxembourg • 32, boulevard Royal • Tel: (+352) 47 07 11 • Fax: (+352) 47 93 31 226  
Monte Carlo • 7, avenue d'Estérel • Tel: (+377) 93 15 25 25 • Fax: (+377) 93 25 82 15

A Swiss Bank • New York • Geneva • London • Beijing • Beirut • Beverly Hills • Buenos Aires • Cayman Islands • Copenhagen • Frankfurt • Ginebra • Guernsey • Hong Kong • Jakarta • Los Angeles • Lugano • Luxembourg • Manila • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Montreal • Monaco • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tel Aviv • Tokyo • Toronto • Zurich

© Republic National Bank of New York 1998

## Europeans Ride Equities Wave

Continued from Page 19

time instead of rushing out the door," he continued. "European clients said: 'Asia is very small. It is a buying opportunity. The market is overreacting.'"

What distinguishes private banking clients from ordinary European savers who are beginning to shift to an equity culture? "Small investors in Europe are primarily using mutual funds because of fiscal treatment — tax advantages — and they don't have enough money to diversify," Mr. Perez-Parada said. "At private banks like ours, we do individual equity selection."

And equity advice for private clients often differs substantially from recommendations to large institutional clients. "When you are dealing with institutions," Mr. Perez-Parada said, "the bottom line is performance. When you deal with private banking clients, perception is very important. Private clients have to understand the rationale. Why we are invested in certain sectors. For instance, we are very positive about the banking sector in Europe and the European mobile phone

business. There is recognition there. They feel comfortable owning these names."

But while clients are enjoying substantial gains on their stock portfolios, it is the duty of the private bank to prevent clients from getting a bit too comfortable. "Discipline is important," Mr. Bischofsberger asserted.

**W**hen the client comes to the bank, we make a proposal for a tailor-made wealth creation program. We are going to have a strategy and to stick to a given strategy and show continuity. They are not used to down markets and it is a big responsibility. It is important to keep the clients' feet on the ground."

The benefit in the disciplined approach is that it prevents euphoria when stock markets rise and depression when they fall. The tactic may prove even more effective during a bear market.

"Even if you are negative on equities, and your investment profile says you should be 40 percent in equities, then if you stay in you won't miss a bull market on the way up," Mr. Waser said. "If you didn't have this discipline, everyone

would be saying when the market goes down, 'I want zero in stocks and when it goes up I want everything.'"

But if private bankers are selling a disciplined approach to risk, and are increasingly segmenting clients into different risk groups, how can prospective clients measure a private bank's actual stock-picking performance?

At Barclays Private Banking, Mr. Russell explained: "There are no industry comparisons for a number of reasons. The Swiss will bandy about privacy laws. If we talk about British onshore clients there are tax considerations that will make the results on one portfolio different from another."

Nonetheless, many private banking customers search for some standard of performance. "Clients are comparing company performance across banks," Mr. Perez-Parada said. But to do this they must use their own resources. "Perhaps they may have friends at other banks," he suggested. As usual, it pays to have rich friends.

SHARON REIER is a free-lance journalist based in Europe.

## Trusts Cast Off Old-Style Ways

Continued from Page 19

will, it will incur estate taxes. With the trust set up, however, these taxes are avoided, Mr. Chambers said.

While many of the large U.S. banks and trust companies have lowered their minimum thresholds in recent years from \$2 million to \$500,000, setting up a trust fund is still expensive. Even the newer providers, such as the brokerage houses Fidelity and Merrill Lynch, charge an annual fee of 1 percent for administering a trust. Although Merrill Lynch accepts business from clients with trust assets of just \$100,000, there is still a minimum fee of \$2,000 a year.

As well as trustee charges, there is the cost of drawing up the trust document. Lawyers' fees for this service start at about \$2,000.

Settlers can act as their own trustees or appoint a family member to the position, but the do-it-yourself approach is becoming less common, according to industry analysts, largely because of the introduction two years ago of the Prudent Investor Act, which still has to be enacted in some states.

"Family members are increasingly reluctant to act as trustees," said James Cornell, senior vice president of Fidelity Trust Services, "as they are now held to be personally liable for all decisions relating to trust management. As a result of the act many financial advisers and lawyers are also withdrawing from the business and referring clients to traditional trust service providers."

**S**OME settlers may have no option but to appoint a corporate trustee. Those with assets and property in several jurisdictions, or who live in a nontrust jurisdiction, such as France or the Middle East, may well be advised to consider an offshore trust company.

Keith Turberville, a spokesman for Guinness Flight Trustees in Guernsey, said that tax planning was still the motivating force behind the establishment of many offshore trusts, but that an increasing number of people were setting up trusts because they did not want to be subjected to forced heirship rules in the country in which they were resident.

Unfortunately, litigation against offshore corporate trustees has increased

dramatically in recent years. For example, in Jersey there is a three-year backlog on legal actions getting to court. More worrying still is the fact that many trustees have lost the cases that have been brought against them.

"The trustees should be able to survive a challenge brought by a disgruntled heir or beneficiary provided the trust has been properly administered," Mr. Turberville said.

Paul Stubbard, a London-based lawyer with the legal firm of Baker and McKenzie International, said that most professionals would happily sell clients a trust, but it is the settlor's responsibility to be clear about the objectives of the trust and to seek advice on tax matters. "Settlers are generally concerned about security arrangements when they place money offshore, and so they opt for a household name to act as trustee in the belief that they will get a more professional service," he said.

"Unfortunately," he added, "even the large international banks can make a pig's ear of trust administration."

BARRARA WALL is a journalist specializing in personal finance.

PRIVATE BANKING / A SPECIAL REPORT

Q & A / Maria Elena Lagomasino

# Knowing a Customer: Main Key to Success Performance, Not Preservation

Maria Elena Lagomasino is the senior managing director of Chase Manhattan Private Bank in New York, the largest U.S.-based private bank and more than \$100 billion in assets under management for wealthy individuals. After a stint at its cross-town rival, Citibank, Ms. Lagomasino joined Chase in 1983 and was appointed head of the private bank last year. She spoke with Conrad de Aenlle about a traditional, genteel business that has suddenly grown more complicated and competitive.

Q. More institutions are getting into your business — not just banks, but brokerages, fund managers and independent advisers.

How will you be able to satisfy customers, who can take their millions and go elsewhere, and also board members, who can ask you to go elsewhere if you don't consistently generate a 20 percent return on equity?

A. I don't think you can win doing the things you did 20 years ago, when banks were a place you went for capital preservation, not performance. Bottom line, you satisfy your customers and retain their business by thoroughly understanding their whole financial picture, both personal and business, and by delivering fresh ideas and innovative structures that really add value.

There's going to be a huge consolidation in the private-banking industry. There's a lot of fragmentation. The biggest market share is UBS-SBC, but even their share is small. The four biggest banks have only 7 percent of the market between them.

The key is not going to be what products you have — there are a lot of players out there that have similar capabilities.

The future is going to be understanding certain customer sets more than anybody else and customizing products for those customer sets, not trying to be all things to all people.

Q. By some accounts, you were brought in to shake things up because Chase's private-banking business was not growing as fast as management had hoped. What measures have you taken so far and what needs to be done?

A. I told senior management there was

an opportunity here to become the market leader, but to get there it's going to mean doing more of what we do well, and that's what I'm going to do. Market leadership comes from very high degrees of leverage. We have a 70 percent share of middle-market companies in the tristate area (New York, New Jersey, Connecticut).

Most of those businesses are privately owned and a good chunk are privately owned by one wealthy individual who is already happy with the bank, and we already know his balance sheet. Our ability to get leverage and grow our client base is tremendous. We use the same approach globally. We've had 30 percent growth per year in Latin America for two years. We're not knocking on doors, they are already our clients.

We also leverage around products; if we take all the capabilities of the bank and offer them to clients around specific problems they have, or opportunities, we can have a tremendous growth rate.

Q. You suggested earlier that investment performance had become a more critical aspect of private banking. Why, then, was your division recently decoupled from Chase's asset-management operation?

A. Asset management is a product. If you look at some companies, the role of the private bank is as a gatherer for asset management. It doesn't make sense to put a client business, buying products from the whole company, with a product business.

Q. Because asset management is becoming such a competitive field, are you relying more on such exotic products and services as derivatives, commercial banking facilities and private-equity investment to attract business and boost returns?

A. As a direct result of changing client needs, we have experienced significant revenue growth in recent years from these types of products. Many of our clients are now seeking alternative ways to invest their money as part of their overall asset-allocation strategy. In this context, traditional asset management is only one option.

Q. One trend in private banking is toward domestic arrangements, rather than offshore, a result of such factors as



Maria Elena Lagomasino: Shaking up the private-banking business.

tax reform in many countries. That requires a strong international branch network, which Chase conspicuously lacks. What plans do you have to expand your global presence at street level?

A. Our approach is wholesale, not retail. The people I'm going after around the world are people who need a global network. They're very different from people who need a checking account locally. That doesn't bring in business; in fact in some ways it keeps clients away. We only choose clients with whom we think we have competitive advantages.

Q. Some large asset managers that cater to well-off clients are expanding their international branch networks. You don't feel any pressure to follow their example?

A. I've looked at the plans of some of these groups and where their competitive advantages lie, and they're quite different. I've looked at the numbers, and it's not apples and oranges, it's more like apples and bananas, a different shape and color. They're very, very different businesses.

Q. Your business increasingly seems to be to cater to the wealthiest of the wealthy. For instance, your minimum account has risen from \$1 million to \$5 million over the last few years.

A. When we really looked at what it took to make those clients happy, we had the ability to do it. That's how to get the best bang for our buck. There's no question in my mind that playing to our strength was to concentrate on these very high-net-worth clients.

In tomorrow's market in private banking, you're going to have people who get to the Super Bowl with \$1 million clients, some with \$5 million clients and others who get there with \$50 million clients. What our clients are buying is different as strategies become clear, you're going to get different market leaders, and we won't look like each other.

# Is Bigger Better? Ask the Dinosaur

By Conrad de Aenlle

LONDON — When Travelers Group and Citicorp announced plans to merge last month, traders on Wall Street tacked about \$30 billion onto the value of the two companies in a matter of minutes. The ravenous desire to own the banks' shares — and those of several others that may or may not be merger candidates — was driven by two Big Ideas in banking.

One is consolidation — the sloughing off duplicated staff, facilities and operations — which has resulted in significant cost savings in other financial-service mergers. It is very likely that the same will occur at Citigroup, as the new institution is to be called.

The second rationale for merging is "cross-selling." If a bank with a huge number of retail and commercial customers joins with one that has a cornucopia of products and services, the first bank has more to offer its account-holders and the second has a wider market for its goods. In this case, Citigroup can sell Travelers' range of insurance and investment products to Citibank account-holders, and not just in the United States, where Travelers is heavily concentrated, but at Citibank branches around the world.

The financial-services supermarket, as it is also known, seems a sensible concept, except that it has not produced appreciable sales gains in the past. Bankers and analysts suspect it may not work this time around, either. That suspicion may explain the U-turn made by the share prices of Citicorp, Travelers and other American banks in the days following the announcement of that merger and those of BankAmerica Corp. with NationsBank Corp. and Banc One Corp. with First Chicago NBD Corp. made a few days later.

"I don't buy the logic of what these guys are telling us," Gary Hamel, professor of strategic management at London Business School, said of the Citigroup merger. Success is the result of "not bulk and breadth, but innovation," an asset seldom found in abundance in the banking industry.

"Citibank's dilemma is that banks far too long looked at individuals as savers rather than investors," he remarked. "They could have offered far more variety in investment products 20 years ago, but they didn't."

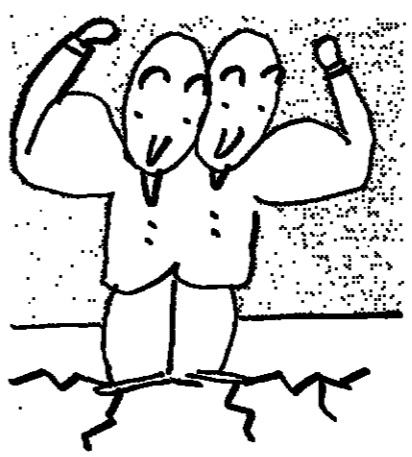
Lack of variety is the key failing of the supermarket concept, in the opinion of Ian Orton, editor of the newsletter Private Banker International, in London.

dozen others," he said. "The price is marked on each can and you can read the ingredients on the label. In a financial-services supermarket, you can't do that."

Not only are there ever more institutions — banks and others — offering services for the wealthy, but there is a tendency among those customers to be more peripatetic when it comes to their financial affairs.

"Increasingly, private banking clients are going to a number of sources for their financial needs," Mr. Orton said. "These characters are pretty well attuned: many of them think they know as much as their account managers." They are more likely than before to trade through discount stockbrokers, for instance, which offer no investment advice.

Mr. Hamel agreed, saying "the financial-service industry has been consistently a little behind the curve and has a condescending attitude toward the customer."



Stuart Goldberger/IST

The average investor "is becoming much more financially savvy."

"Banks are going to have trouble understanding this," he said, "and that ignorance can be exploited."

Perhaps sensitive to criticism of the merger plan, Sanford Weill, chairman and chief executive of Travelers, said last month in a statement accompanying the announcement of record first-quarter earnings that much of the success was the result of cross-selling strategies.

Travelers and Citicorp representatives declined several opportunities to comment on the doubts raised by Mr. Hamel and Mr. Orton.

Nick Haynes, a senior banker in London for Dresdner Private Banking, a unit of a large German bank, said the ability to cross-sell and accomplish other goals of a merger depends on "whether the culture of an organization works or not."

"Assuming that cultural issues are not a barrier, then the chance of building a global brand is certainly realistic," he said. "If you can build a global brand,

you can reasonably expect to cross-sell products within the stable."

Travelers and Citibank may succeed because "Citibank has got a brand," he said. "You can talk to people in major cities in small countries and they'll know the name." Credit Suisse and UBS-SBC had been devoting considerable resources to achieving the same recognition, he added.

Analysis at Morgan Stanley, Dean Witter, Discover & Co. state in a research report that branding will be especially important as consumer banking becomes a global business and as conventional banks compete with nonbanks that distribute their services on-line. The American discount broker Charles Schwab, for instance, "intends to build a global franchise in a fraction of the time it took Citicorp" by using the Internet, the report notes. "The on-line environment will put a premium on customer relationship-management skills and brand."

The analysts reject Mr. Hamel's disdain for size, arguing that "scale and scope are essential to compete in global consumer services, since the business is conducted in local markets with customers who want brand product choices. The battle for the customer starts with knowing the customer."

Mr. Hamel thinks that conventional banks may win a few more battles, but that with the advent of companies such as Schwab that sell a vast range of third-party products on-line, they stand little chance of winning the war for customers.

"The next phase will not be consumer focused but consumer led," he predicted. "The hunter becomes the hunted." Rather than be passive receptacles for goods their retail banks want to peddle to them, consumers will seek out products and services that best fit their needs, no matter the source.

"The last thing I'll do is go to a Citibank web site to see what they're doing," Mr. Hamel said. "I'll go to a neutral site. Why would I ever let a single financial institution make that choice for me?"

He conceded that the on-line revolution had been almost exclusively an American phenomenon but that this was only "a timing issue. I would not be surprised if the majority of services were bought on-line within a decade in the U.S., within 20 years in Britain and 30 years in the rest of Europe."

That at least buys some time for Citicorp and Travelers. Their merger "probably provides some temporary value for both of them," he said. "I'm not saying it's a stupid thing to do. But it's like watching dinosaurs mate. You're going to get a baby, but it's still going to be a dinosaur."

CONRAD DE AENLLE writes about finance and investment from London.

# Treading Gingerly in Asia

Continued from Page 19

to price-earnings ratios of five or six. Southeast Asian markets remained at averages of about 16 to 18. And while portfolio investments can often be plugged into formulas, judging the value of property poses a greater challenge.

Following the fall in share prices last year, foreign companies sent scouts to the region to look for deals. But few large acquisitions have been announced, in part, analysts say, because it is difficult to judge the value of a tangible investment given the market's volatility.

And if companies are having a hard time, private bankers say, their clients, with fewer resources at their disposal, will be equally hard-pressed to find bargains.

Much of what is for sale in Asia these days are investments that carry high risks.

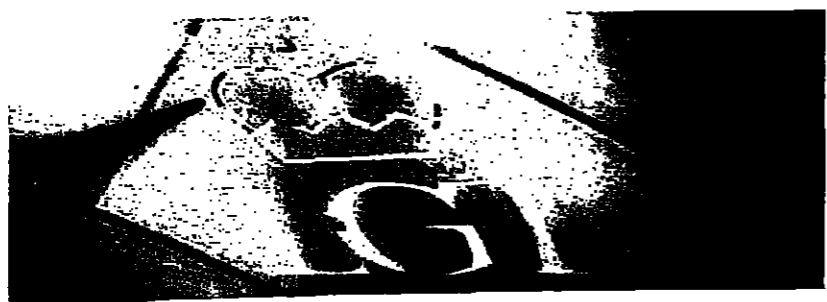
A building in Bangkok, for example, might

sell for a small fraction of its precrisis cost but might still be a risky proposition. "If you can buy it at a price which is so ridiculously cheap that in the worst-case scenario you can write it off — then maybe you buy it," said Heri Leimer, chief representative in the Hong Kong office of LGT Bank in Liechtenstein. "But what do you do with an empty building in Bangkok if you cannot rent it out?"

Many European and American investors are equally skeptical. "If you look at total liquidity flows into Asia recently, it's been dismal," said Mr. Kleiner of Union Bancaire Privée. "You had a rally in January and February but that has evaporated. If you compare it with what you saw in 1993 and 1994, it's a small drop on a hot stone."

THOMAS FULLER is a special correspondent for the International Herald Tribune in Malaysia.

The sign of excellence in private banking. Worldwide.



Confidentiality Stability Performance

For over 75 years, we have been offering both the well-established investment advantages of Liechtenstein, a AAA rated financial centre in the heart of Europe and all the benefits of a professional private banking group focussing on individual client oriented services.

For more information, please contact:  
Dr. Henri W. Leimer, Chief Representative or  
Philip Jehle, Senior Representative

LGT Bank in Liechtenstein AG,  
Representative Office Hong Kong  
11th Floor, Three Exchange Square,  
8 Connaught Place, Central,  
Hong Kong  
Phone (852) 2523 6180 Fax (852) 2868 0059



LGT Bank in Liechtenstein  
A Member of Liechtenstein Global Trust

PRIVATE BANKING

# The best managed portfolios yield the highest return.



Our specialists carefully monitor the financial markets, know exactly how to make the most of opportunities offered and when to anticipate and react. Their mastery of financial operations enables them to make the best decisions at just the right time. Their skills in portfolio management provide a better return for you. At Banque Générale du Luxembourg we offer a tailor-made

wealth management service. Founded in 1919, Banque Générale du Luxembourg is the country's leading bank. Our excellent international ratings provide due recognition of our quality service and financial strength. Our know-how in private banking can help to make the most of your assets. For further information, visit our website or call us on (00 352) 47 99-65 01.



BANQUE GÉNÉRALE DU LUXEMBOURG

FRANKFURT, GUERNSEY, HONG KONG, METZ, MILAN, ROTTERDAM, ZURICH  
PRIVATE BANKING: CENTRE ROYAL-MONTELEY 27, AVENUE MONTELEY L-2951 LUXEMBOURG TEL.: (352) 47 99-65 01 FAX: (352) 47 99-20 83  
BANQUE GÉNÉRALE DU LUXEMBOURG S.A. HEAD OFFICE: 50, AVENUE J.F. KENNEDY L-2951 LUXEMBOURG http://www.bgl.lu

## WORLD ROUNDUP

### Sacchi Joins Atletico

**SOCCER** Arrigo Sacchi has signed a two-year contract to coach Atletico Madrid, the club said Monday. The former AC Milan and Italian national coach succeeds Radomir Antic. He is Atletico's 21st coach in the 11-year reign of its president, Jesus Gil. (Reuters)

Wim Jansen said Monday he was quitting as coach of Glasgow Celtic just days after guiding the club to its first Scottish League title in a decade. (AP)

### Rusedski Falls in Rome

**TENNIS** Greg Rusedski, the No. 5 seed, lost 7-5, 7-6 (10-8), to Bohdan Ulihrach on Monday in the first round of the Italian Open. Rusedski, a U.S. Open finalist last year, served for the first set at 5-3. He led 8-7 in the second-set tiebreaker, but lost the last three points of the match. It was his fourth straight first-round exit at this clay court event.

Petr Korda, the No. 2 seed, lost 6-2, 6-4, to Hicham Arazi, a Moroccan. Jonas Bjorkman, seeded No. 7, lost 6-2, 6-3, to Frank Diewulf, a clay specialist. (AP)

### Woods Holds Off Blake

**GOLF** Tiger Woods held off Jay Don Blake by a stroke to win the BellSouth Open in Duluth, Georgia, on Sunday, ending a 10-month winless drought on the PGA tour. Woods, who led by three shots entering the final round after a 63 on Saturday, shot a par 72 for a 17-under 271 total. Blake finished with a 70. (AP)

### Tiriac Wins Olympic Vote

Ion Tiriac, the former tennis player, was elected president of the Romanian Olympic Committee on Monday. Tiriac ran a slick campaign to beat a fencing champion and a gymnastics coach for the job. Tiriac became famous as the stern doubles partner to Ilie Nastase. He also played ice hockey for Romania. (AP)

### Plane Unlucky

**BASEBALL** Gerardo Sanchez, the Mexican League's Cal Ripken, had his consecutive-games streak end at 1,415 on Friday when he couldn't get to the ballpark. Sanchez and four teammates on Los Dos Laredos Owls reportedly chose to take an airplane Friday to travel to games in Laredo, Texas, and Nuevo Laredo, across the border in Mexico. The rest of the team went by bus. But the airport was closed due to problems caused by smoke from forest fires. (WP)

## Shaq's Show Gives Lakers 3-1 Margin Over Sonics

By Joe Drape  
New York Times Service

INGLEWOOD, California — Shaquille O'Neal powered the Los Angeles Lakers to a 112-100 victory over the Seattle SuperSonics and a 3-games-to-1 lead in the Western Conference semifinals.

O'Neal's 39 points on 15-of-20 shooting, eight rebounds, seven assists and five blocked shots on Sunday night may silence the critics who have argued that he is more a multimedia entertainer than a future Hall of Fame center.

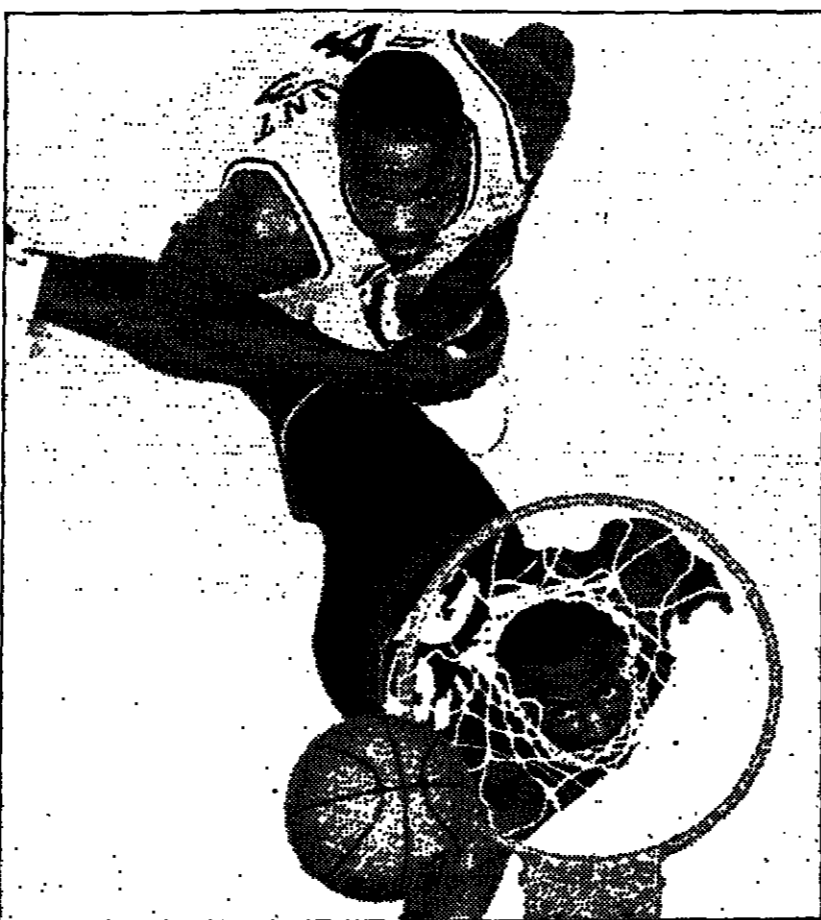
He silenced at least one: Seattle's coach, George Karl, who opened the series with a public salvo directed at O'Neal's penchant for elbows and hops on the way to monster dunks.

When asked why his star, Vin Baker, was held to only 12 points, Karl rubbed his face, paused for several moments and finally said, "He's playing probably the greatest post player who ever played the game."

O'Neal hit his first six shots in spectacular fashion. There was a spin finished by a baseline jumper. A ballet move under the basket that ended with a left-handed bank shot. And, most memorably, a fast break that O'Neal began on his own at half court.

He put the ball on the floor with his left hand, crossed over to his right, lifted the ball with one hand, double-pumped and kissed it off the glass. "Yes, that was a highlight," he said, appearing a bit embarrassed. "I was having so much fun out there."

The SuperSonics hardly stood and watched. Behind Gary Payton's 20 first-half points, Seattle withstood one Los Angeles run after another to take a 3-point lead with 15 seconds left in the half.



The Lakers' Corie Blount eyeing Hersey Hawkins's shot for the Sonics.

The Lakers' coach, Del Harris, turned to his assistant coaches and said, "Well, we messed up the end of this quarter."

But in a series of miscues indicative of Seattle's inability to clamp down on a scrambling young Lakers team, the Sonics made crucial errors that led to five Los Angeles points in the last six seconds.

Though O'Neal was clearly the star, his supporting cast chewed up the scenery too. Eddie Jones, whose mother had chastised him by cell phone for not being aggressive enough in the first round against Portland, gave her his finest playoff performance for Mother's Day. The guard scored 32 points along with six assists.

In the fourth quarter, the Sonics had cut the lead to nine points and were threatening when Nick Van Exel, who missed 13 games late in the season with a knee

injury, nailed back-to-back 3-pointers to put the Lakers back ahead by 15 and snuff any comeback hopes for Seattle.

"He's hitting the big shots that have killed us," Baker said of Van Exel, who finished with 13 points.

Still, it is O'Neal for whom Seattle professes to have no answers. Even with Baker, Detlef Schrempf and Payton sometimes triple-teaming him, O'Neal managed six dunks.

"Our evaluation will be, should we continue to double him and still give him 35 points, or not — and give him maybe 100 points and control the perimeter," said Karl, who needs to decide before Game 5 on Tuesday in Seattle.

"They have a great one, and we can't deal with him right now," said Payton, who finished with 31 points and 13 assists and kept Seattle in the game.

## Bulls Refuse to Honor Hornets' Game Plan

Jordan Leads Chicago to 94-80 Victory

By Ric Bucher  
Washington Post Service

CHARLOTTE, North Carolina — It's not enough to devise a plan to stop Michael Jordan, as the Charlotte Hornets did for game four of their playoff against the Chicago Bulls. It also takes the energy and will to implement it for a full 48 minutes, and that's where the Hornets came up woefully short.

Despite rigging their entire defense and offense expressly to keep Jordan corralled Sunday, the Hornets lost for the second time in three days on their

opening minutes, the Hornets made one turnover after another, allowing Chicago to surge ahead by halftime, led by 17 points in the third quarter and take a comfortable 13-point lead into the final period.

The Hornets did not get within single digits again.

"They came out with a lot of energy, but you expect them to because they're backs were against the wall," Jordan said. "We just had to maintain our poise. Our defense really started to kick it up a notch in the third quarter. We seemed to have them out of sync. They didn't take care of the basketball and we took advantage."

No one lost the battle of wills more noticeably than the Hornets leading scorer, Glen Rice, who played all 48 minutes, scored only 13 points on 17 shots and did not go to the free-throw line. Credit that to Pippen, who limited Rice to five second-half points.

"The second half I just tried to make him work hard for the ball," Pippen said. "I think it's my reach that bothers him. He can't pull up and shoot over me like he can against most guards."

Center Vince Davis led the Hornets in scoring with 15, followed by Armstrong with 14 in a reserve role.

Charlotte was still within striking distance, trailing 58-51, when the Bulls went on their third-quarter run, which included 12 points scored on a variety of dunks, layups and tip-ins. In what could have been his last NBA appearance in his native state, Jordan provided one more classic highlight during the burst: He palmed the ball and faked a pass that duped the entire Hornets defense before he slipped down the baseline for a layup.

"I never salivate. I just evaluate," said Jordan when asked about his reaction to the Hornets' concerted effort to slow him down. "Sure, it's a challenge, if all you guys think Mason can shut me down."

"We've got to win three games and it's unlikely we're going to do that," Dave Cowens, the Hornets' coach, said afterward.

"Nobody's going to quit," he said. But he added, "They certainly took the starch out of our sails winning two games in our building."

In another playoff game, The Associated Press reported:

**Jazz 82, Spurs 73** In San Antonio, Karl Malone hit 17 shots from the field, scoring 34 points without going to the foul line as Utah took a 3-1 lead over the Spurs. Many of his field goals were tough jumpers scored while being guarded by 7-foot David Robinson.

"Boy, it's hard to defend jump shots like he shot. He's pulling up, 19 or 20 feet," Robinson said. "A lot of times I'm right on him, and he gets a half a step and leans back and shoots that thing."

Malone, who shot 6-for-21 Saturday in Utah's Game 3 loss, scored 10 of his points in the fourth quarter, answering with a basket almost every time the Spurs inched closer. He was 17-for-28 from the field.

Tim Duncan had a chance to move the Spurs within three points after a foul by Antoine Carr, but he missed one of two free throws with 1:07 remaining, leaving the Spurs trailing, 77-73.

Malone followed up with a 14-foot jumper to give the Jazz a 79-73 lead.

## Vasco da Gama Wins, 2-0, After Botafogo Forfeits

Compiled by Our Staff From Dispatches

Vasco da Gama, which leads the Rio de Janeiro state championship, won Sunday without playing when Botafogo failed to turn up for a game at Maracana stadium.

Vasco and the match officials waited but Botafogo, which had announced it

Sao Paulo won the Sao Paulo state championship after the newly signed Rai, playing his only match in the competition, inspired them to a 3-1 victory over Corinthians in the second leg of the final. Rai returned to the club this week from Paris-St. Germain and was able to play after Sao Paulo directors discovered during the week that the tournament did not have a transfer deadline.

**MEXICO** Toluca conceded two goals in the first 90 seconds Sunday but fought back to beat Necaxa in the final of the Mexican summer championship. Necaxa won the first leg, 2-1, on Thursday and increased its lead to three goals with its two early strikes.

Antonio Taboada started fighting back with a goal in the third minute. Jose Abundis scored either side of half time and Jose Cardozo scored twice in the last 12 minutes to give Toluca victory, 5-2 in the match and 6-4 on aggregate.

**BULGARIA** Litex Lovech clinched its



Jose Cardoso of Toluca celebrating his second goal against Necaxa.

first league title when it beat Botex Plovdiv, 3-0, in the last game.

Levski Sofia, which finished second, five points behind Litex, said it would appeal to FIFA, the governing body of world soccer, because Litex fielded a suspended player earlier in the season. Litex had four points deducted by the

Bulgarian federation for playing defender Radostin Kishishev after he had been suspended by FIFA for leaving Bursaspor of Turkey without the permission of the club. Levski wants Litex to be punished for the games in which Kishishev appeared before his suspension on April 10.

(Reuters, AP)

**WORLD CUP TICKETS  
WANTED  
ALL MATCHES  
TOP \$ PAID  
06 14 93 36 06  
06 14 93 36 03**

**See Wednesday's Intermarket**  
For Business Opportunities.  
Franchises, Commercial Real Estate,  
Telecommunications, Automobiles  
and Entertainment.  
To advertise contact Sarah Werbel on  
+44 171 120 0326  
or fax +44 171 420 0338  
**A GREAT DEAL HAPPENS  
AT THE INTERMARKET**

### Announcements

### Herald Tribune

**SUBSCRIBER CUSTOMER SERVICE:**  
For questions or queries about the delivery of your newspaper, the status of your subscription or about ordering a subscription, please call the following numbers:  
EUROPE, MIDDLE EAST AND AFRICA:  
TOLL FREE: 1-800-428-6123  
Belgium 02000 4 448 7827 Denmark 00800 4 448 7827 France 00800 4 448 7827 Germany 0180 938555 Greece 0800 4 448 7827 Ireland 0800 4 448 7827 Italy 167 78040 Luxembourg 0800 2703 Netherlands 0800 4 448 7827 Norway 08000 4 448 7827 Sweden 020 797033 Switzerland 0800 4 448 7827 The Americas: (US) 1-800-428-6123 (Canada) 1-800-428-6123 (Mexico) 1-800-428-6123 (Japan) 020 448 027 Korea 3672 0044 Malaysia 161 1-800-80102 Philippines 825 1-800-80102 Singapore 325 0835 Taiwan 7753-56 Thailand 277 4485 Vietnam 1-822 232171

### Legal Services

**DIVORCE IN 1 DAY.** No travel. Write: Box 377, Sudbury, MA 01775 USA. Tel: 978/445-8287. Fax: 978/445-9121.

**FROM  
LEAR-JET TO  
JUMBO-JET.**  
Western and Russian  
aircraft available worldwide  
from Europe's leading  
aviation company.  
Cargo and  
Passenger aircraft.  
Fax: +49 69 39 30 39 10  
Fax: +49 69 39 30 39 39  
e-mail: uc-arter@aol.com  
**Chapman Freeborn  
Airmarketing GmbH**  
40 offices worldwide.  
Established in 1973.

### Financial Services

### FUNDING PROBLEMS?

for  
SOLUTIONS  
Contact

### BANCOR

of ASIA

Bankable guarantees to secure lending  
for viable projects.

### VENTURE CAPITAL

### EQUITY LOANS

### REAL ESTATE

Long term collateral  
Supported Guarantees

Fax: (833) 819-8284  
Tel: (833) 894-6268

(Commission earned only upon Funding)  
Brokers Commission Assured

**International  
Herald Tribune  
ads work**

### TELECOMMUNICATIONS

### New Lower International Rates!

France.....	27¢
Italy.....	34¢
Japan.....	36¢
Singapore... 33¢	
UK.....	17¢

- Instant Activation
- NO Set Up Fees
- NO Minimums
- Six-Second Billing
- AT&T Quality
- 24-hour Multi-Lingual Customer Service

### The Original kallback

Tel: 1.206.599.1991  
Fax: 1.206.599.1981  
Email: info@kallback.com  
www.kallback.com  
417 Second Avenue West  
Seattle, WA 98119 USA

### Business Services

**YOUR OFFICE IN LONDON**  
Bond Street - Mail, Phone, Fax, Telex  
Tel: 44 171 230 9000 Fax: 44 171 439 7517

### Business Opportunities

**NAME BRAND TOOTH PASTE, SOAPS**  
for sale. Principal in London May 15-20.  
For appointments, fax: 1522 2416-2229  
or E-mail: helen@kallback.com

**OFFSHORE BANK** - Caribbean banking  
center - US \$75,000. Quick transfer.  
Carson Registered Agents. Tel: 702-883-1944. Fax: 702-883-0257. USA

**OFFSHORE COMPANIES** - P.O. box 107  
chance or chance Tel: London 24 151 741  
1224 Fax: 44 161 748 2229-2236  
www.apollon.co.uk

### Business Travel

**1stBusiness Class** - "Regard Transfer"  
"Prestige" - L to 571 - all the extras  
"No restrictions" - Imperial (Canada) Tel:  
1-814-241-7227 Fax: 1-814-241-7229  
e-mail: 1st@1stbusiness.com  
http://www.1stbusiness.com

### Real Estate for Sale

**PARIS AND SUBURBS**  
SPECTACULAR view, 3 bedrooms, 17th  
arr., 2 bedrooms, 16th arr., 1st arr.,  
RER Rassy, FF: 30 Tel: 0140129973

### Real Estate for Rent

**Paris Area Furnished**

### Embassy Service

**YOUR REAL ESTATE  
AGENT IN PARIS**  
Tel: +33 (0)1 47.20.30.05  
Fax: +33 (0)1 47.20.34.04

### Switzerland

**GENEVA, JULY/AUGUST**, LAKESIDE  
family owned town house, tastefully fur-  
nished and equipped for city or holiday  
stays. Sleeps 6 Tel: +41 22 731  
0823 or allen@interpack.ch

### Geneva, LUXURY FURNISHED

apartments. From studios to 4 bedrooms. Tel:  
+41 22 735 6330 Fax: +41 22 736 271

### Employment

**LANGUAGE SCHOOL** seeks English  
mother tongue teachers with experience  
Hamilton Tel: Paris +33 141 6329 1516

### Educational Positions Available

### Escorts & Guides

### BELGRAVIA

### ORCHIDS

LONDON - EUROPE

THE FINEST & THE MOST SINCERE  
18 - 35 INTERNATIONAL  
BEAUTIFUL & ELEGANT  
SECRETARIES, AIR HOSTESSES &  
MODELS - AVAILABLE AS  
YOUR COMPANION 24 HOURS  
Escort Agency Credit Cards Welcome

TEL: LONDON +44 (0)

0171 589 5237

### HIGH SOCIETY

Worldwide Executive Escort Service

Elegant High Class Models  
NO LONDON TEL: 0171 265 1033  
PARIS ZURICH BRUSSELS  
PRAGUE GERMANY USA  
Tel: +44 (0) 7000 444476  
DPO at: info@h-s.net

### SWITZERLAND-GERMANY

**BELGIUM-LUXEMBOURG-UK**  
+31-20-427 28 27  
Zurich-Geneva-Basel-Bern-  
Frankfurt-Munich-Cologne-Bonn-  
Dusseldorf-Munich-Hamburg-Berlin-  
Brussels-Antwerp - Luxembourg  
TRAVEL SERVICE WORLDWIDE

LONDON: (0171)-978 6606

COSMOS Escort Agency - Credit Cards

24 HR LONDON ESCORT SERVICE  
for Special Occasions  
Pang Angelica 07891 009 009

### international ESCORTS

World's top international beauties

NY USA Hellos: 1-212-765-7896  
OFFICE@INTL-ESCORTS.COM

### YASMINA'S EXCLUSIVE TOP FASHION

& GENUINE INTL PHOTO MODELS

### MODEL LINK

Have a private confidential meeting to  
view our fine Portfolio Worldwide

+44 (0) 7000 822 822

ROYAL PLATINUM ESCORT SERVICE

### VENUS IN FURS

24HR WORLDWIDE ESCORT SERVICE

LONDON 0171 382 7000

All cards. Advance bookings welcome

### FIRST CALL

Model Escort Bureau

Available 24hrs

LONDON 0171 821 9441

### DIANE'S SECRET HIDEAWAY

IMPROVED TOP MODELS

for all your secret wishes.

Friendly and Very Discreet Service

THE HAZEL, HOLLAND  
+31 70 347532

### PARIS

service@euro-escorts.com  
+3120-576-221 / +3120-54222-124

### AMBASSADORS OF LONDON

The No 1 Escort Service  
0171 978 6700 (24 hrs)

### L'AGENCE

The finest international escort service

Decision service. Cards Welcome.

0171 485 6663, LONDON

### For Elite India +39 0255417734 cards

**MILAN - ROME - TOP ESCORT**

Travel Paris Riviera Zurich Germany UAE

### HEIDI'S HIGH SOCIETY-VIENNA-PARIS

RIVIERA-ZURICH-BENEFIT-MUNICH

International Escort & Travel Service

Vienna +431555 41 (4 all credit cards)

### PARIS

High Escort Service +41 79 637 7884

### EUROCONTACT INTL

PARIS-ANTWERP-GENEVA-ZURICH

RIVIERA-BRUSSELS-LONDON-VIENNA

MALAYSIAN-GERMANY-PRAGUE

CORNIC-AGAVE-ATHENS-LOS ANGELES

Escort Service Vienna +43-1-212 0431

### European JET SET - VIENNA - PARIS

PARIS-GENEVA-ZURICH-MUNICH

HANNOVER - Escort & Travel Service



## ART BUCHWALD

## Sweet Road Rage

WASHINGTON — There's a lot of talk about road rage — not as much as there is about sex — but still, for the first time, people are concerned about aggressive drivers who cause accidents on the highways of our great nation. We all have seen aggressive driving, either by members of our own families or automobiles in the next lane. It isn't a pretty sight and can cause high blood pressure and excessive perspiration to the palms of our hands.



Buchwald

What is not discussed publicly is what the major cause of road rage is: radio talk shows that people listen to in their cars.

Talk show hosts are paid to inflame and irritate their listeners. They thrive on controversy. They have to get their audience involved.

I was made aware of this

when I was driving to work with Laura Sedwick. She was tuned to Mad Dog "I'll Take Anybody's Call" Hogan. Mad Dog was discussing Viagra, the new potency drug.

"This is a boon to mankind. No woman can refuse a man who is taking it."

"Laura," I said, "you just went through a red light."

"Did you hear what he said? What makes him think we should give in just because he is no longer sexually dysfunctional?"

Mad Dog said, "I'm sick and tired of sexual harassment suits. Most women are always asking for it."

"Laura, you're driving on the sidewalk."

Mad Dog said, "If they didn't wear bikinis on the beach, men wouldn't need Viagra pills or, for that matter, pills that prevent them from going bald."

Laura's face was red, and she gritted her teeth in anger. "Are you sure you want to hit that old lady in the crosswalk?" I asked her.

"I'd like to take Mad Dog's microphone and shove it down his throat."

## Nazi Book Burning Is Marked in Berlin

The Associated Press

BERLIN — The author Salman Rushdie emerged from seclusion as an honored guest to help commemorate the day the Nazis burned thousands of books in their assault on intellectual freedom.

The Berlin Arts Academy took note of the Nazi book burning of May 10, 1933, and honored persecuted authors throughout the world.

Rushdie, condemned to death by Tehran in 1988, was joined by authors from Algeria, Iran and Kurdistan.

Mad Dog took a call. The lady said, "You're a big slob and I hope you get poison ivy all over your body."

Mad Dog chortled and replied, "And you're a dumb female who should be working instead of sitting home manicuring your nails."

"Laura, I think you're going to hit that gasoline truck."

"Why do they clutter the airways with imbeciles like that?"

"The real question is why do you listen to him if he gets you so upset?"

"He helps me pass the time on the way to the office."

## Lillian Ross's Secret Life With William Shawn

By Janny Scott  
New York Times Staff

NEW YORK — At the end of Lillian Ross's memoir of her 40 years as the other "wife" of William Shawn, the longtime editor of The New Yorker, she tells how she learned of his death in December 1992. She dialed the number of the private telephone he had installed for her beside his bed in the apartment he shared with his wife.

Shawn's wife, Cecile, answered the telephone for the only time in what Ross describes as her long life together with Shawn, a life that included their setting up house 10 blocks south of the Shawns' apartment on the Upper East Side of Manhattan and jointly raising Ross's adopted son, Erik.

"He's gone," Mrs. Shawn told Ross. Ross writes that she and Erik then rushed to the Shawns' apartment, where they were met by the Shawns' son Wallace, who seemed afraid to admit them. "Let them in," Mrs. Shawn said. Ross embraced her. And Mrs. Shawn said, "He died in my arms."

Ross's memoir, "Here but Not Here: A Love Story" (Random House), due in stores this month and awaited with considerable curiosity, describes in significant detail a part of Shawn's private life that had remained discreetly guarded.

In an interview this week, Ross said she never had any qualms about writing the book, which took her four years. She said she had done it simply "because it's my life," and because Shawn "was fed up with having been pictured as a character he wasn't."

As Ross tells it in the book, she and Shawn fell in love after he had hired her in 1945 as a writer for The New Yorker. He was about 20 years her senior. By the mid-50s, they had settled into a domestic routine that she contends was more solid, more purposeful, more satisfying and more socially responsible than most "conventional arrangements."

For many years, Shawn would

spend Thanksgiving with his family and Christmas Eve with Ross. Every New Year's Eve, if they were apart, he would call her at midnight, Ross writes. During one period, they ate every meal together; he would drop her at home after dinner, then return in time for the 11 o'clock news.

In the '60s, they considered conceiving a child, Ross says. But she had a hysterectomy and ended up traveling to Norway to adopt Erik alone. Shawn used to read to Erik, play the piano for him, teach him to catch a baseball, even attend his parent-teacher conferences.

The relationship was not kept secret from Mrs. Shawn, Ross says. But Mrs. Shawn declined to leave her husband, and he would not divorce her. The Shawns' children were expected not to discuss the relationship with either parent "in accord with Cecile's wishes," Ross writes. They were told that their father's absences were necessitated by his work. "Bill told me I was his 'wife,'" Ross writes. "I felt I was."

Asked in the interview whether she had thought about the book's impact upon Mrs. Shawn, now in her 90s, Ross spoke slowly, as though taking pains to make herself understood: "That isn't the way one thinks when one is a writer. You don't think about what the impact is going to be on other people. You think about what you're writing."

So, she was asked, she was saying she never thought about it?

"It wasn't a question," she said. "It didn't come up."

Neither of Shawn's sons, Wallace and Allen, returned telephone calls from a reporter asking if they wished to comment on the book.

In the book, Ross describes Shawn, who was editor of The New Yorker from 1951 to 1987, in terms that are positively saintly: He is selfless, honest, forgiving, meek "in the biblical sense." He tips taxi drivers twice the fare, turns down honorary degrees, never reproaches his children.

But she also tries to debunk what she says is the myth of Shawn as "a



Ross has written about the relationship "because it's my life."

shy little man obsessed with privacy" who ate nothing but corn flakes. She offers lists of foods he liked and women he was attracted to, from Hannah Arendt to Evonne Goolagong and Madonna. At the same time, he comes off as a man who was deeply tormented. He feared everything from his own death to paper cuts. He was haunted by guilt. Claustrophobia kept him from visiting his sons' apartments (but, Ross notes, he had no problem in the ones he shared with her).

Their "liaison," as she called it in the interview, is described in idealized terms. In 40 years together, she writes, they had just two arguments.

Ross insists she felt no rage toward him or Mrs. Shawn; she has never had a single regret. She felt "no deprivation, no frustration, no

absences, no holes, no mishapenness, no unanswered needs." No husband or father she has ever known gave more than Shawn gave to her and Erik, she writes.

"After 40 years, our lovemaking had the same passion, the same energy (alarming to me, at first, in our early weeks together), the same tenderness, the same inventiveness, the same humor, the same textures as it had in the beginning," Ross writes.

She does make it clear that she deferred to Shawn. He decorated their apartments and taught her taste and judgment about clothes.

"Bill disliked the odor of cigarettes," she writes. "I immediately gave up smoking. He was afraid of 'drinking.' I gave up martinis." Early on, she says, she fled the relationship in confusion, first to Hollywood for a year and a half,

later to Paris. Each time, he pursued her relentlessly with letters, cables and telephone calls, serving up advice, begging her to come home.

In 1953, while she was in Paris, he suggested she look up his old haunts from a trip he had taken there in 1929 with Cecile. So Ross dutifully "marched around the Left Bank, finding and taking photographs of every place he asked me to visit." Then she sent him the photographs.

Other episodes seem to slip by, relatively unexplored. For example, Ross mentions in passing in the book that relatives and others tried to intervene with her and Shawn, but she offers no details. She alludes to "a string of psychoanalysts" that was "enlisted in pursuit of Bill," but does not say who enlisted them or to what effect. She writes that early in the relationship she would occasionally "explode" and "ask him to leave me alone." But she offers little elaboration. Yet the book includes all sorts of other details, like the price of a ticket on the Concorde and everything she ate one day at lunch at "21."

Asked in the interview why she had chosen not to elaborate on, for example, the story about the psychoanalysts, she said simply: "There weren't any details to give. What are you going to tell? Asked how she decided in general what to leave out, she said, "You write out of your passion and out of your being and out of your soul."

The author of 11 books, Ross grew up in Syracuse and New York City and worked briefly for the newspaper P.M. before moving to The New Yorker. There, she became one of the better known practitioners of a style of fly-on-the-wall reporting in which the writer never directly imparts motivation.

"I don't intellectualize too much," she said, when asked about the motivations of the characters in her memoir. "I'm not particularly comfortable with it. You feel what you feel, and you go on what you feel. And you're guided by your own instincts, your own principles."

## PEOPLE

THE Israeli transsexual Dana International conquered Europe with a song, but she hasn't got a prayer with Israel's ultra-Orthodox Jews. "To win the Eurovision after 20 years, we had to send a gimmick," complained Rabbi Shlomo Benizri after the singer won the annual contest. Benizri, of the ultra-Orthodox Shas party, added: "God is against this phenomenon. It's a sickness you must cure and not give legitimacy." Dana International, born Yaron Cohen, a male, underwent a sex change four years ago. With a tune called "Diva," she defeated musicians representing 24 other countries.

Sonny Bono is gone, but he and Cher are still close. The singer-actress, who gave a moving eulogy for the congressman after he died last winter in a skiing accident, says in the May 16-22 issue of TV Guide that she communicates with the entertainer-turned-politician through a spiritual medium. "He told me things only Sonny could have known," Cher said.

ABC restored David Brinkley as a spokesman for Archer Daniels Midland Co. on the network's Sunday public affairs program "This Week With Sam Donaldson & Cokie Roberts" after a four-month absence. In January — six weeks following his retirement from "This Week" — the network pulled an ADM campaign featuring Brinkley after only two weeks, citing a potential for "audience confusion." Some in the media also criticized his appearing in ads on a program he had anchored for

15 years, saying he was "selling out." The two ADM ads broadcast Sunday had been modified "to make David's role with them as a company spokesman very clear," ABC said.

The latest album from Madonna may be heavy on spirituality but Indian purists are not happy with her handling of an ancient Sanskrit prayer. Scholars in the holy Hindu town of Benaras told the United News of India that the pop diva had mispronounced the prayer "Shanti" in a song on the album "Ray of Light." A professor of Sanskrit, B.N. Chaturvedi,

## Allegations of Cousteau Fakes

LONDON — Members of Jacques Cousteau's underwater film team say the late oceanographer faked some scenes in his documentaries, The Sunday Times reported. In one case, footage of an octopus scrambling out of a tank and hopping overboard was obtained by pouring bleach in the tank, the paper said.

Sir Peter Blake, who became head of the Cousteau Society after Cousteau's death last year, said that he did not know much about the allegations, but that he had seen the team work and that it could not be faulted for professionalism. (AP, AFP)

said: "It is one thing to make a mistake in ordinary conversation but another to chant it incorrectly." Scholars say shanti should be pronounced with a clipped "e" sound instead of a long "ee" sound.

Linda McCartney has been posthumously awarded the Ellis Island Medal of Honor. The wife of Paul McCartney and a longtime crusader for vegetarianism, McCartney died of cancer last month at 56. She was one of 120 people honored at the ceremony on Ellis Island, where immigrants were processed before entering New York City. Others cited at the 12th annual awards ceremony included Dith Pran, whose story was told in "The Killing Fields," and the gold-medal-winning U.S. Olympic women's hockey team. The awards are given by the National Ethnic Coalition of Organizations to honor a variety of efforts to "enrich or invigorate society."

The author Robert Fulghum, whose best-selling books include "All I Really Need to Know I Learned in Kindergarten," began his address to graduates of Syracuse University by singing the children's song "Itsy-Bitsy Spider." He said the song's metaphors teach children the same lessons the 5,000 new graduates should apply to their lives — the possibilities of discovery. "Like the spider, we have gone out for hundreds of thousands of years, not to play but to go into dangerous places, to find out what's out there, up there," he said.



Dana International after the Eurovision contest.

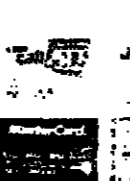


(act important)

and use AT&T Direct™ Service. With the world's most powerful network, you get fast, clear, reliable connections from Cannes or anywhere. Plus, you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. Sounds fabulous, doesn't it?

Steps to follow for easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



AT&T Access Numbers			
Austria	022-993-01	Greece	00-800-131
Belgium	0-800-100-10	Ireland	1-800-358-000
Czech Republic	00-42-000-101	Israel	1-800-94-94-949
Egypt (Cairo)	510-0200	Italy	172-1011
France	0-800-99-001	Netherlands	0800-022-0111
Germany	0128-0010	Russia (Moscow)	755-5942
		Saudi Arabia	1-800-10
		Spain	900-99-00-11
		Sweden	020-795-611
		Switzerland	0800-89-0011
		United Kingdom	0800-89-0011
		United Kingdom	0500-89-0011

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at [www.att.com/traveler](http://www.att.com/traveler)



It's all within your reach.

## Windows 98 Del

By Joel Brinkley  
New York Times Staff

WASHINGTON — Federal and state regulators are finalizing antitrust suits against Microsoft Corp. that could be filed as early as Thursday to block the completion of Windows 98, officials said Tuesday.

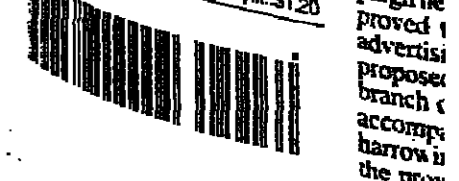
Some of the leading U.S. personal computer manufacturers are greeting the possibility of a delay with something less than a shrug.

While the Justice Department has not released its precise strategy, state attorneys general have made no secret of their interest in blocking the release of Windows 98, which is scheduled to be shipped to computer manufacturers next Friday.

And Sun Microsystems Inc., a bitter rival of Microsoft, filed a suit in Federal court on Tuesday that was intended to block the release of Windows 98 until a version approved by Sun of the company's Java programming language.

Microsoft's leaders have repeatedly denied severe harm to the U.S. economy from the release of Windows 98. But some leading manufacturers say they feel no real demand for Windows 98 and would not expect a slowdown in

Newsstand Prices	
10.00 FF	Lebanon
12.50 FF	Morocco
1.600 CFA	Niger
1.600 CFA	Nigeria
1.600 CFA	Romania
1.600 CFA	Saudi Arabia
1.600 CFA	Senegal
1.600 CFA	Spain
1.600 CFA	Tunisia
1.600 CFA	U.A.E.
1.600 CFA	U.S. (incl. Alaska)



computer. "It was Mat Rans marketing. I don't on their PC based or Windows. A very m was a Jim Fir Computer sonal con. BELF Northern last mon phoria at Now : accord : America interview back the plicated Even paign he proved t propos branch c accomy harrow in the prov